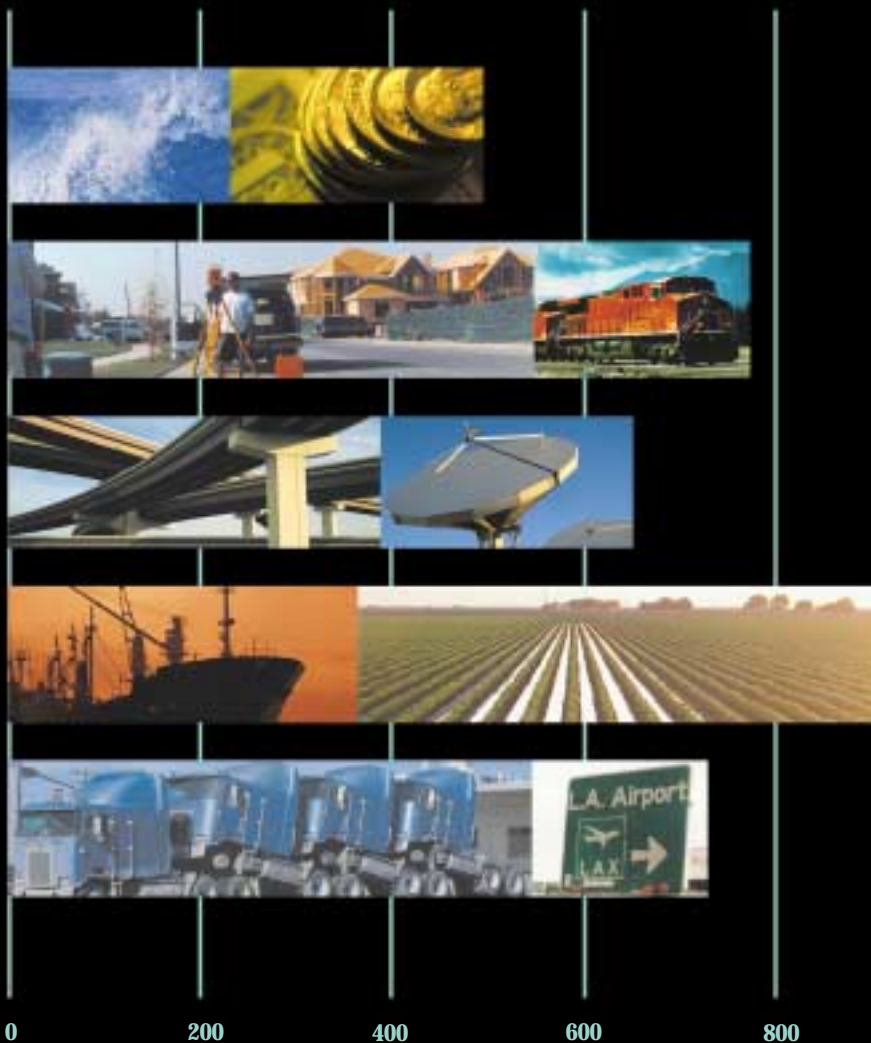


2000-2001 Regional  
**ECONOMIC**  
Forecast  
*for southern*  
**california**



SOUTHERN CALIFORNIA  
**ASSOCIATION of GOVERNMENTS**

# Mission Statement



**Leadership, vision** and **progress** which promote economic growth, personal well-being, and livable communities for all Southern Californians.

## The Association will accomplish this Mission by:

- ▲ Developing long-range regional plans and strategies that provide for efficient movement of people, goods and information; enhance economic growth and international trade; and improve the environment and quality of life.
- ▲ Providing quality information services and analysis for the region.
- ▲ Using an inclusive decision-making process that resolves conflicts and encourages trust.
- ▲ Creating an educational and work environment that cultivates creativity, initiative, and opportunity.

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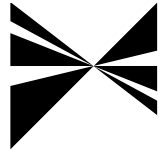
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Rev. 10/29/99

2000-2001 Regional  
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**SOUTHERN CALIFORNIA  
ASSOCIATION of GOVERNMENTS**

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Southern California Association of Governments  
Bruce F. DeVine, Chief Economist  
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**Contents**

- 2      Message from the Southern California  
Association of Governments**  
*Hon. Zev Yaroslavsky, Supervisor, Los Angeles County and President, SCAG*
- 3      Message from the Universities**  
*Albert Carnesale, Chancellor, University of California, Los Angeles  
Robert C. Maxson, President, California State University, Long Beach  
Milton A. Gordon, President, California State University, Fullerton*
- 4      Highlights of the UCLA Anderson Forecast**  
*Tom K. Lieser, Executive Director, The UCLA Anderson Forecast*
- 7      The CSULB Economic Forecast  
for the Southern California Region**  
*Lisa M. Grobar, Director, CSULB Economic Forecast Project  
Joseph P. Magaddino, Chair, Department of Economics  
and Director, Office of Economic Research*
- 12     The CSUF Economic Forecast  
for the Southern California Region**  
*Anil K. Puri, Dean, School of Business Administration and Economics  
and Director, Institute for Economic and Environmental Studies*
- 19     CSULB County Forecast Tables**
- 29     CSUF County Forecast Tables**

## A Message from the President

The Southern California Association of Governments is pleased to welcome you to our third annual Regional Economic Forecast Conference. The Association believes that regions are the defining geography for economic progress and development. Strategies aimed at promoting a healthy regional economy are necessary for successful implementation of government policies in other areas such as transportation, air quality, and housing.

The economic forecasts presented at this conference are unique. They are the only predictions in Southern California devoted exclusively to the 2000-2001 economic outlook for this region as a whole. As such, they fill a gap between predictions of economic conditions in a single county and forecasts that focus on the outlook for California and/or the nation.

In addition, The Conference brings together academic institutions from several parts of the region and business executives from a number of key industry "clusters." Clusters such as these are the driving force of the regional economy, propelling it along without regard to city and county boundaries.

In today's "New Economy" global competitiveness is achieved and maintained through regional collaboration, both among industry clusters and between government, business, education, and the community. Bringing together the resources for this Regional Economic Forecast Conference is part of SCAG's contribution to that collaboration, in partnership with California State University, Long Beach, California State University, Fullerton, and the University of California, Los Angeles. We sincerely hope that the forecasts presented here will assist you in your strategic planning.



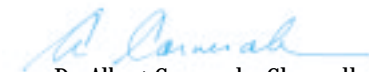
Hon. Zev Yaroslavsky, Supervisor, Los Angeles County  
and President, Southern California Association of Governments

## A Message from the Universities

As a center of innovation, research, and economic activity, the Southern California region stands out as a unique economic entity and its economy rivals some of the largest nations in size. The region's industries have carved out dominant market positions and set worldwide standards for excellence, promising the region a continuing influential role in the 21st century. The Southern California region has been a leader in drawing the talents and resources of the nation and creating an exciting and rewarding place in which to live and work.

Educational institutions in the region have played a crucial role in this impressive story of achievement. As a catalyst and a participant in the region's growth processes, the universities have nurtured the region's innovative spirit, educated its labor force, and helped foster the unique Southern California experience. In this rapidly changing world, the universities have the important role of preparing the society for meeting its challenges.

We are pleased, therefore, to join the Southern California Association of Governments in sponsoring its third Regional Economic Forecast Conference. Our respective research teams have outstanding reputations and expertise that can be usefully employed in the development of public policy for the region. Local governments and businesses need the kind of objective information on economic trends and projections that is contained in this report. We look forward to continued cooperation in the future.



Dr. Albert Carnesale, Chancellor  
University of California, Los Angeles



Dr. Milton A. Gordon, President  
California State University, Fullerton



Dr. Robert C. Maxson, President  
California State University, Long Beach

The National Forecast

The recent report that real GDP growth during the second quarter was only 1.8% was somewhat misleading as an indication of weakness. Following 4.3% growth in the first quarter, the second quarter real GDP growth was low, but consumption growth was 4.6%, due to very high import growth and extremely low inventory levels. The low levels of inventories signify demand outpacing supply as consumers have been on a buying binge lately. On a year-over-year basis, consumption growth is now running at 5.5%, which is way above the comfort level of any central banker.

No wonder that Fed Chairman Greenspan has started to raise interest rates. Given that momentum begets momentum, the expectations for growth for the rest of this year are rosy, notwithstanding the 50 basis point rise in the federal funds rate. Mostly this is due to consumer optimism, which, is still running close to its record high. The Y2K-related inventory buildup in the 4th quarter of this year will also add to GDP growth. Thus, real GDP growth will again average 3.9% this year. Inflation is on the up-swing and can spill over to above-3% territory if left unchecked. In short, we are poised for another 50 basis point hike by the Fed for the rest of this year. Thus, the total increase of 100 basis points in 1999 will temper consumer optimism and slow the economy down to 2.5% next year, slightly below our projected long-term trend of 2.7%. The other forecast highlights are as follows:

- The inflation outlook is once again very benign for this year but inflation will jump from a 1.6% level in 1998 to 2.2% in 1999 and further to 3.0% in 2000. Wage compensation in the nonfarm business sector will be 4.0% in 1999, slightly lower than the 4.2% rate in 1998 but double the rate of 1994, and will be around the 4% range in 2000 and 2001.
- The 30-year bond rate will rise from 5.6% in 1998 to 5.9% in 1999, to 6.5% in 2000 and then to 6.6% in year 2001.
- The forecasted unemployment rate of 4.4% for 1999 will rise to 5.0% in 2000, and then to 5.1% in 2001 following the rise in rates.
- Pretax corporate profits declined 2.3% last year. This year they will show a mild growth of 3.4%, then decline by 4.4% in 2000 before rising to a moderate 3.0% in 2001.
- Business fixed investment is projected to grow 8.3% in 1999 (lower than the 11.8% rate in 1998), then weaken to a 3.5% gain in 2000 before recovering to 5.2% real growth in 2001. Investment in producer's durable equipment also will fall from a high 16.5% growth rate in 1998 to a respectable 10.6% growth rate in 1999, and then drop to half this rate in 2000.
- Real consumer spending for goods and services will grow 4.9% in 1999, but is expected to slow down considerably to 2.7% in 2000 following the rate hikes of 1999. Thus, the drop in consumption growth is almost as big as the drop in the GDP growth rate.

- Housing starts will average about 1.66 million units in 1999, the highest level seen since 1986. Starts are expected to drop sharply to 1.5 million units in 2000. The drop would have been more severe if not for last year's low base from which the long-term rates are rising.

- Automobile and light truck sales are having a banner year this year. Projected sales for 1999 are 16.3 million units. Sales will then fall to a still-healthy 15.2 million units in 2000, before rebounding in 2001 to 15.7 million.

- The slowdown in real GDP growth will induce a slower growth of real imports, which are predicted to grow 9.8% in 1999 but only 4.8% in 2000 and 6.4% in 2001. Real exports, which grew only 1.5% in 1998, will rise a modest 4.4% in 2000. They will rise 6.9% in 2001, by which time the full impact of a falling dollar and a recovery in Southeast Asia will be felt.

- The trade-weighted value of the U.S. dollar rose 4.8% in 1998 in real terms and is expected to rise another 1.5% this year. Although the dollar has weakened appreciably against the Japanese yen in recent weeks, it will give back only a modest 2.2% of its strength on a trade-weighted basis in 2000, and will drop again by a modest 2.8% in 2001.

The Economic Outlook for California

Employment and Unemployment

By our estimation, California's employment gains during the first three quarters of 1999 are pointing to an annual growth rate of 3.4%, slightly below last year's job gain of 3.7%. Nevertheless, the unemployment rate has declined steadily throughout the year to date, reaching 4.9% during September. September's unemployment rate was the lowest in California since January, 1960.

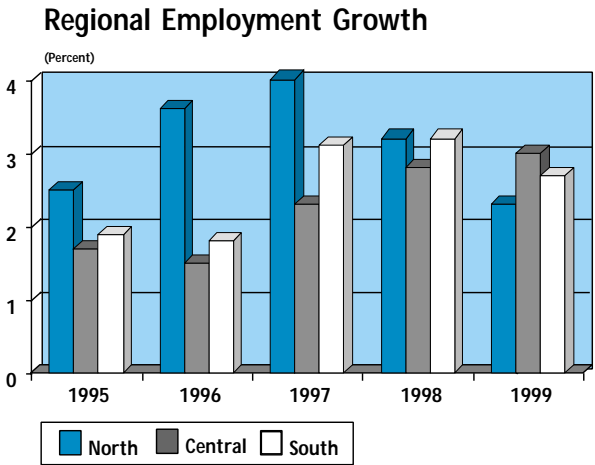
Fast-growing industries—as measured by job growth during the year ending August—spanned a wide variety of enterprises. Real estate-related activity was an important component of the current expansion, with construction employment up 11.2%, retail building materials up 5.7%, real estate up by 5.1%, and good job gains in a number of related manufacturing industries, including furniture and building materials for both residential and heavy construction.

In the service sector, which is accounting for most of the job growth during the current expansion, rapid growth was displayed by motion pictures (a rebound of +11.0% from a depressed base last year), private educational services (+8.1%), business services (+6.7%), and engineering and management services (+6.1%). Growth of financial services was led by investment companies (+9.5%) and securities brokers (+6.6%).

Trucking and warehousing (+5.7%) led the growth of transportation jobs, and communications employment displayed a similarly strong gain (+5.8%).

Regional Employment Trends

The accompanying chart shows the status of principal regions of California in terms of job growth from 1995 through 1999 (for the year-to-date through August). The data show that Central California is now growing moderately faster than the Northern or Southern regions, although unemployment remains very high in most of the central counties.



Southern California's growth trend has decreased 0.5% this year, with improving trends in Riverside-San Bernardino being more than offset by lower growth in Orange and San Diego counties. Los Angeles County shows a steady increase of 2.1%, with an improving unemployment rate. The Northern region displays significantly lower job growth during the current year-to-date, with pronounced slowing, to only 0.4%, in the San Jose metro area. The increasingly unaffordable San Francisco and San Jose areas accounted numerically for most of the slowdown, although both those areas currently show unemployment rates below 3%, with very low vacancy rates for housing and office space.

Construction and Real Estate

New residential units authorized by building permits in California have risen to an annual rate of 141,400 for the first seven months of 1999, 18% above last year's average of 119,900 through July. While the continued gain is encouraging, these remain very lean measures of new residential construction by historical standards. Housing is in particularly short supply, and accordingly expensive, in the large metropolitan areas of Northern and Southern California. Data from the Federal Home Finance Board (FHFB) for the second quarter show average home prices of \$345,000 for San Francisco-Oakland-San Jose and \$266,000 for Los Angeles-Riverside-Orange. These prices for the Northern and Southern metro regions are 86% and 44% higher, respectively, than the national average home price for the second quarter. Construction employment, currently the highest in history, is nearing 700,000 in California, and in August was 11% higher than the year-ago total.

The UCLA Anderson Forecast

Economic Outlook for the Nation

	1998	1999	2000	2001
Real GDP (% ch.)	3.9	3.9	2.5	3.0
Real Consumption (% ch.)	4.9	4.9	2.7	2.7
Real Business Investment (% ch.)	11.8	8.3	3.5	5.2
Real Net Exports (bil. \$)	-238	-333	-354	-372
Unemployment Rate (%)	4.5	4.4	5.0	5.1
CPI Inflation (% ch.)	1.6	2.2	3.0	2.7
Fed Funds Rate (%)	5.3	5.1	5.8	5.4
Profits After Tax (% ch.)	-2.2	1.6	-7.3	2.7
Housing Starts (mil.)	1.62	1.66	1.51	1.49

Economic Outlook for California

	1998	1999	2000	2001
I. Employment Growth Rates				
Total Nonfarm	3.7	3.4	2.5	2.3
Mineral Extraction	-13.6	-8.4	-1.3	-1.3
Construction	11.1	12.6	4.4	3.7
Manufacturing	2.1	-1.2	-0.2	0.4
Transportation & Utilities	4.6	3.3	3.2	2.2
Trade	2.6	1.8	1.9	1.9
Finance, Ins., & R.E.	5.7	3.4	1.7	1.9
Services	5.3	5.8	4.0	3.3
Government	1.1	3.0	2.1	1.9

II. Other Economic Indicators

Personal Income (% ch.)	6.9	6.2	5.4	5.6
Taxable Sales (% ch.)	5.3	9.0	5.6	5.8
Unemployment Rate (%)	5.9	5.3	5.4	5.5
Res. Bldg. Permits (Thous.)	125	148	169	197
Net Migration (Thous.)	229	234	238	242

California Exports

Sales of goods to foreign destinations by California producers declined 4.2% during the first half of 1999. This was about the same rate of decline as for the entire year of 1998, but its composition was different. The latest export data show the beginnings of an improving trend in export sales to Asia. Although shipments to Japan are still declining, the first half decrease of 10.7% in those exports was not as severe as we have been seeing during the past two years. Exports to South Korea, which declined 37.4% last year, were up 40% during the first half of 1999 – an amazing turnaround. Sales to Mexico and Canada, up 1.4% and 2.0% respectively during the first half, were on the weak side. Offsetting the generally good news from Asia was continued weakness in export sales to Western Europe, where among the state’s major trading partners only the Netherlands and Spain showed improving trends. Among major South American nations, sales to Brazil improved moderately during the first half, while sales to both Chile and Argentina declined more than 20%.

Personal income, Taxable Sales, and Consumer Confidence

The latest report of the State Board of Equalization shows that taxable sales accelerated during the first half of 1999, showing year-over-year gains of 8.8% in the first quarter and 9.5% in the second quarter, the strongest sales in ten years. Consumer confidence in California has remained at a high level, having recovered from the “frightened” levels of last December and January. The Conference Board’s measure of consumer confidence in the western United States in September was 131.5 (about the average of the year-to-date figures) and could be consistent with a strong second half in California taxable sales.

We estimate that California personal income increased 6.6% during the “fiscal” year ending in the second quarter of 1999, with a very strong increase in the second half of 1998 followed by a more moderate increase in income during the first half of 1999. With sales running ahead of income growth during the first half, stock market gains are likely playing a strong role in consumer spending.

The California Economic Forecast

From 1950 through 1990, growth of nonfarm employment in California averaged about 3.5% annually, nearly twice the national growth rate. Last year’s increase of 3.7% was slightly above that trend, and 1999’s performance is expected to be close. They will be the best two years of the 1990s. From here, we are predicting a moderate slowdown from last year’s peak rate to 3.4% growth this year, easing to 2.5% in 2000 and 2.3% in 2001 as the national economy enters a period of lower but more sustainable growth.

A major positive result of the structural change of the last decade is that Californians are now more in control of their economic destiny was the case prior to 1990. The long-term dependency on defense-funded aerospace industry, which is now substantially diminished, has been replaced by an industry base which is more market-driven. The current and prospective industry base does not contain any obvious element which is susceptible to the kind of calamitous decline which occurred in aerospace. The worst external developments we have seen recently have been relatively short-lived: the loss of some trade with Mexico beginning in 1994 (which was milder in California than elsewhere), and the Asian economic crisis which hit us in 1997 but is beginning to turn around. Unlike the aerospace shock, these external setbacks are reversible.

California’s Economy in 1999-2001: Forecast Highlights

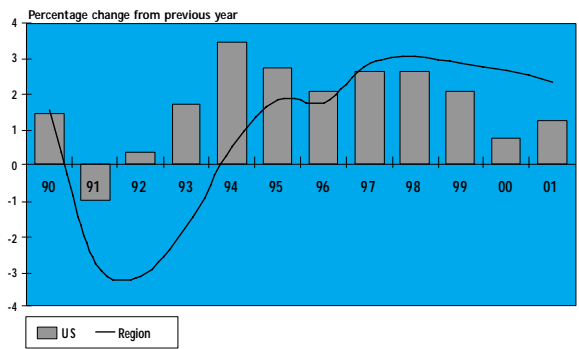
- Nonfarm employment in California will grow from 13.61 million in 1998 to 14.75 million in 2001, an increase of 1.14 million jobs. More than half the increase, or 575,000 jobs, will be in services.
- California’s unemployment rate will decline from 5.9% in 1998 to 5.3% in 1999, but will remain above 5% throughout the forecast period. A trend of increasing labor force participation, combined with sizeable gains in the labor force from migration inflows, will be sufficient to keep the state’s jobless rate above that projected for the nation.
- The rate of population growth will average 1.6% annually through 2001. Longer-term, the state’s total population is projected to increase by 14.1 million, from 33.6 million in 1998 to 47.7 million in 2020. Net migration inflows will increase gradually from 229,000 in 1998 to 301,000 in 2020, but will nevertheless remain modest in relation to total population.
- New residential building permits will continue to expand, rising from 125,000 in 1998 to 148,000 in 1999, 169,000 in 2000, and 197,000 in 2001. Although higher mortgage rates will be a restraining factor, pent-up demand will continue to drive this market.
- Personal income will increase 6.2% in 1999 following a 6.9% gain in 1998. Slower growth rates of 5.4% and 5.5% are predicted for 2000 and 2001. By the year 2020, real gross state product will reach \$2.1 trillion, an annual increase of 3.5% from 1998’s GSP total of \$975 billion.

*Tom K. Lieser joined the UCLA Anderson Forecast Project in 1993 and was appointed Executive Director in 1997. He is co-author of the quarterly UCLA Forecast for the U.S. and California, and has authored a number of reports on business trends in California’s principal regions and industries.*

The Region in Review

The current national economic expansion, which is entering its eighth year, will soon become the longest economic expansion in the nation’s history. As impressive as this record is, it has not brought uniform economic growth across all regions. The Southern California economy, which experienced its most severe recession in the early part of this decade, did not begin its economic recovery until late 1994. After several years of moderate but steady growth, the regional economy finally began to grow more rapidly than the nation in 1997. From 1997 through 1999, the region added over 530,000 new jobs to its employment base. As shown in Figure 1, this pattern of regional employment growing faster than the nation should sustain itself throughout our near-term forecast horizon.

Figure 1  
U.S. and Regional Employment Growth



The total number of new jobs generated in 1998 and 1999 was similar; however, the composition was different. Employment growth in 1998, was pretty much across the board. All sectors except for federal government employment and mining experienced solid gains. While this pattern held true for 1999, the distribution of gains was much slower in the region’s manufacturing sector. After posting two spectacular years in 1997 and 1998, the growth of durable manufacturing employment will be under one percent in 1999. In the first half of 1999, Southern California added only 5,000 durable manufacturing jobs. The relative weakness in the manufacturing sector reflects, among other things, the economic conditions among our key trading partners. The strength value of the dollar and lackluster growth abroad, especially among Pacific Rim nations, have significantly slowed our exports. While these factors help to explain the slowing in manufacturing, the good news is that as the Pacific Rim economies improve, job prospects in this sector will brighten.

For the second consecutive year, construction was the fastest-growing sector in the region. During the first two quarters of 1999, Southern California added 20,000 construction jobs. An exceptionally strong housing market—which in turn is driven by relatively low mortgage rates—continued asset growth, and healthy gains in employment and income fueled this growth. Similarly, the finance, insurance, and real estate (FIRE) sector continued the pattern of growth exhibited in the prior year.

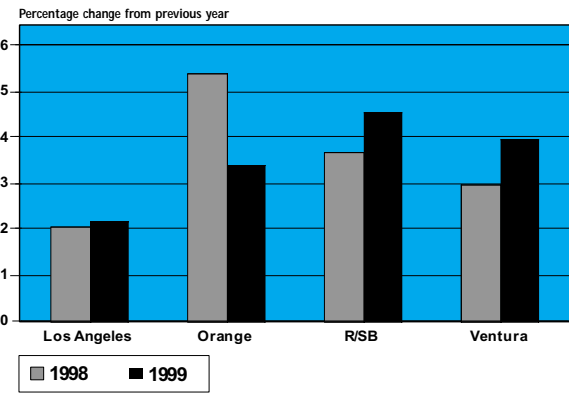
The overall vitality of the region led to healthy gains in wholesale and retail trade. Transportation, communication and utilities continued to post solid gains during the first half of the year, although growth slowed significantly from the exceptional pace of 1998’s first half. These gains were driven by technological changes in the communications sector. The sharp increase in state and local government employment in first half of this year was attributable to increased job opportunities in school districts. The trend, which has been going on for several years, reflects the decision to reduce class size at the lower grades. With the improved economic performance of the region, we have also seen some employment growth in local government employment. Federal government employment, however, remains flat, a reflection of continued weakness in the defense sector.

Employment Growth by Sector	1998	1999
	Qtrs I-II	Qtrs I-II
Mining	-13.3	-6.4
Construction	8.3	7.9
Durable Manufacturing	5.0	0.8
Nondurable Manufacturing	0.2	1.7
Transportation, Commun. & Utilities	6.0	3.7
Wholesale Trade	3.3	2.8
Retail Trade	1.7	1.7
Finance, Insurance, & Real Estate	4.3	2.5
Services	3.4	3.5
Federal Government	-5.5	0.2
State & Local Government	1.2	3.3
Total Nonfarm Employment	3.0	2.8

Lisa M. Grobar and  
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University,  
Long Beach

The services sector is growing at a slightly faster pace in 1999 than in 1998. Throughout the 1994-99 expansion, the service sector has posted the largest number of new jobs, representing 40% of all new jobs in that period. Services account for about one-third of the region's employment base. Within the services sector, motion picture employment, which surged in the early part of the decade, has slowed; however, growth in business services and engineering, accounting and management services have more than offset the weaker job performance in motion pictures. The strong national economy also fueled gains in tourism-related employment.

Figure 2  
County Employment Growth  
Qtrs 1-11, 1998 & 1999



As shown in Figure 2, Riverside-San Bernardino has returned to its position as the fastest growing county within the region. In 1999, Riverside-San Bernardino employment will grow at better than 4 percent. While manufacturing employment was weak for the region as a whole, Riverside-San Bernardino showed some real strength, adding 5,000 jobs. Orange County, which was growing at a breakneck pace in 1998, slowed from 5 percent to 3 percent job growth in 1999. Like the other counties, Orange County posted strong gains in construction employment and in its real estate

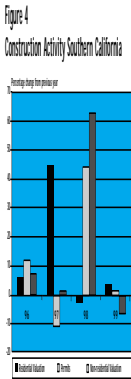
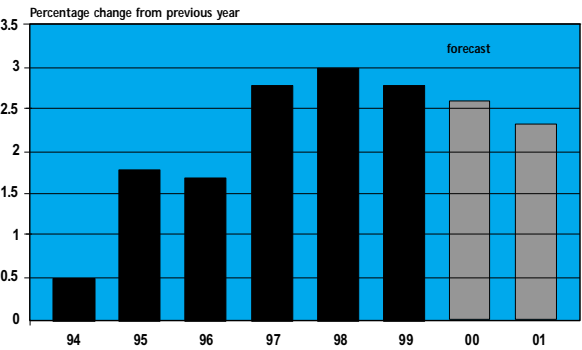


Figure 4  
Regional Total Nonfarm Employment Growth



market. In 1999, Ventura County performed at about the same pace as the prior year. This county is projected to add 9,000 jobs to its employment base this year. Los Angeles County is showing some improvement in 1999 and is estimated to grow at 2.3 percent.

While Los Angeles County has grown more slowly than the other counties, its employment base is much larger. The county accounts for over 60 percent of the region's jobs, so even a small percentage increase represents a significant number of new jobs in the region. Los Angeles County is on track to add 90,000 jobs this year. Even at this pace, as indicated in Figure 3, Los Angeles still will not have replaced all of the jobs it lost during the recession. We are projecting that Los Angeles County will not make up for its lost jobs until late next year.

Regional Employment Forecast

In 1999, growth in the region's economy has been buoyed by stronger-than-expected growth in the national economy. Still, we expect that 1998 was the peak year for regional job growth, with growth of 3.0 percent. As shown in Figure 4, we predict that the region will add jobs at a rate of 2.8 percent this year, followed by job growth of 2.6 percent in 2000, and 2.3 percent in 2001.

Although the region's economy is expected to slow, these growth rates are consistent with a healthy pace of job creation for the region. More importantly, they imply that the region will outperform the U.S. economy over the forecast horizon.

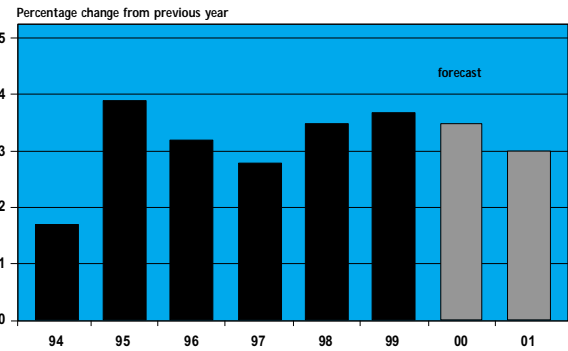
Some of the bright spots in the region's economy will include construction, services, state & local government, and wholesale trade. The service sector, as indicated in Figure 5, is expected to exhibit a slight slowing trend over the next two years, but job growth in that sector will remain above 2.5 percent annually. Employment in state and local government will continue to benefit from the improving financial conditions in state & local government and continued brisk hiring by local school districts. Construction employment growth, although cooling from the near double-digit growth rates seen in 1998, will sustain employment growth at or above 5 percent annually through the forecast horizon.

The region's manufacturing sectors have struggled in recent years due to the Asian crisis, which has depressed the demand for the region's manufactured exports. Nondurable goods manufacturing employment, which saw little growth in 1998, improved this year and is expected to generate employment growth in the range of 1.3 to 2.0 percent over the next few years. Durable goods manufacturing, which has seen little growth this year, will also improve with employment growth in the range of 1 to 1.9 percent through 2002.

The rebound in the region's housing market led to a strong recovery in employment growth in the combined finance, insurance and real estate sector. Our forecast calls for continued, but slower, growth in this aggregate sector. Technological change is causing a long-term trend of declining employment in depository institutions. Depository institutions constitute a large portion of the employment base in the FIRE industries. Thus, we expect that job losses in depository institutions will continue to be a drag on the growth rate of FIRE through the forecast horizon. There are some offsetting gains in brokerages and holding companies, in insurance, and in real estate employment. We expect that the biggest hiring gains in real estate are already behind us, and so we predict job gains in this aggregate industry to be in the range of 1.5 to 2 percent over the next few years.

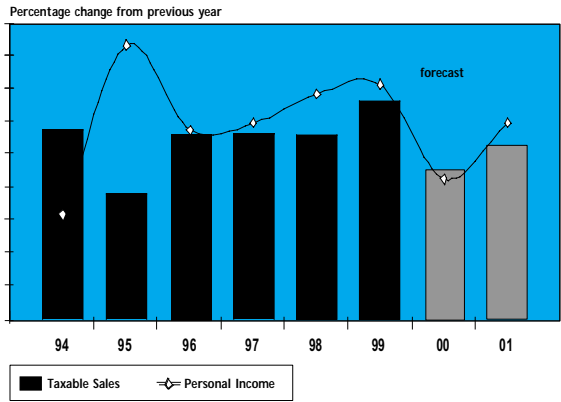
Figure 6 contains the growth rates of taxable sales and personal income. We expect that the continued health in the region's economy will lead to sustained growth in taxable sales, supporting moderate, but sustained growth in retail trade employment of close to 2 percent over the next few years. Our forecast for taxable sales in the region is 5 percent annual growth through 2001.

Figure 5  
Regional Service Employment Growth



During 1998, we saw large gains in personal income of close to 8 percent. Our estimate for 1999 is for income growth of just under 5 percent, with continued gains at an annual pace of 4.5 to 5 percent through 2001. This slower pace in income growth, combined with higher interest rates, will serve to dampen the demand for housing somewhat in the near term. Growth in building permits has slowed somewhat since the peak year in 1997. While permit growth is expanding at an annual pace of about 12 percent this year, we expect the level of building permits to fall slightly next year, followed by modest gains through the end of the forecast horizon.

Figure 6  
Regional Sales and Personal Income Growth



Lisa M. Grobar is Director of the CSULB Office of Economic Research and Professor of Economics. She has co-authored the CSULB annual forecast since 1990 and was one of the creators of the CSULB monthly Index of Regional Leading Economic Indicators.

Joseph P. Magaddino is Chair of the CSULB Department of Economics and Director of the Office of Economic Research. He joined the regional forecast project in 1996 and with Lisa M. Grobar authors the CSULB Annual Economic Forecast and the monthly Index of Regional Leading Economic Indicators.

10

CSULB  
Economic  
Forecast  
for the  
Southern  
California  
Region

Southern California Region Historical Data						Forecast for the Southern California Region					
Levels in Thousands	1994	1995	1996	1997	1998	1999e	2000f	2001f	2002f	2003f	2004f
Wage & Salary Employment											
Mining	10,733	9,842	9,550	9,150	8,050	7,529	7,317	7,375	7,646	8,068	8,598
Construction	202,900	213,666	216,700	230,784	249,942	269,232	287,514	304,015	321,264	338,564	355,101
Durable Manufacturing	571,283	566,642	579,724	607,600	631,659	636,318	643,290	650,025	662,120	679,559	701,619
Nondurable Manufacturing	393,683	401,175	406,117	413,733	416,809	423,304	428,647	434,471	442,181	451,613	461,995
Transportation, Commun. & Utilities	290,583	296,009	298,367	308,417	326,117	337,707	345,531	351,513	358,138	364,603	370,642
Wholesale Trade	377,775	391,308	396,550	411,659	424,617	436,233	447,080	454,467	460,463	466,054	469,687
Retail Trade	980,558	1,000,042	1,011,950	1,033,892	1,053,175	1,071,139	1,093,887	1,114,639	1,135,179	1,155,214	1,174,233
Finance, Insurance, & Real Estate	372,358	348,392	345,475	355,433	369,650	376,891	382,248	389,250	396,881	405,416	413,578
Services	1,750,017	1,818,808	1,876,334	1,928,425	1,995,634	2,068,773	2,141,345	2,206,553	2,268,146	2,325,110	2,378,539
Federal Government	110,008	107,908	104,400	99,008	95,042	94,811	94,321	91,401	90,123	89,701	89,732
State & Local Government	753,425	761,600	769,025	784,934	797,800	823,487	846,517	869,361	893,256	918,492	944,723
Total Nonfarm Employment	5,813,325	5,915,392	6,014,191	6,183,034	6,368,493	6,545,423	6,717,697	6,873,070	7,035,398	7,202,396	7,368,448
Percentage Change											
Mining	-9.6	-8.3	-3.0	-4.2	-12.0	-6.5	-2.8	0.8	3.7	5.5	6.6
Construction	7.2	5.3	1.4	6.5	8.3	7.7	6.8	5.7	5.7	5.4	4.9
Durable Manufacturing	-4.1	-0.8	2.3	4.8	4.0	0.7	1.1	1.1	1.9	2.6	3.2
Nondurable Manufacturing	1.4	1.9	1.2	1.9	0.7	1.6	1.3	1.4	1.8	2.1	2.3
Transportation, Commun. & Utilities	2.4	1.9	0.8	3.4	5.7	3.6	2.3	1.7	1.9	1.8	1.7
Wholesale Trade	2.1	3.6	1.3	3.8	3.1	2.7	2.5	1.7	1.3	1.2	0.8
Retail Trade	0.2	2.0	1.2	2.2	1.9	1.7	2.1	1.9	1.8	1.8	1.6
Finance, Insurance, & Real Estate	-4.1	-6.4	-0.8	2.9	4.0	2.0	1.4	1.8	2.0	2.2	2.0
Services	1.7	3.9	3.2	2.8	3.5	3.7	3.5	3.1	2.8	2.5	2.3
Federal Government	-2.6	-1.9	-3.3	-5.2	-4.0	-0.2	-0.5	-3.1	-1.4	-0.5	0.0
State & Local Government	1.1	1.1	1.0	2.1	1.6	3.2	2.8	2.7	2.7	2.8	2.9
Total Nonfarm Employment	0.5	1.8	1.7	2.8	3.0	2.8	2.6	2.3	2.4	2.4	2.3
Population											
Total Population	15,542,395	15,621,688	15,747,713	15,976,479	16,244,545	16,455,406	16,667,686	16,903,563	17,152,067	17,412,001	17,683,773
Percentage change	1.1	0.5	0.8	1.5	1.7	1.3	1.3	1.4	1.5	1.5	1.6
Taxable Sales											
Taxable Sales (\$ thousands)	133,059,124	138,063,452	145,964,092	154,339,253	162,975,443	173,924,014	182,005,015	191,610,845	202,277,013	213,199,491	224,221,695
Percentage change	5.8	3.8	5.7	5.7	5.6	6.7	4.6	5.3	5.6	5.4	5.2
Personal Income											
Personal Income (\$ millions)	329,785	357,604	378,298	401,052	428,667	459,557	479,167	507,720	539,292	571,311	604,244
Percentage change	3.2	8.4	5.8	6.0	6.9	7.2	4.3	6.0	6.2	5.9	5.8
Building Permits											
Building Permits (Single-Family Residential)	26,094	23,670	26,294	30,880	33,424	37,675	36,062	36,882	36,542	36,457	35,623
Percentage change	16.4	-9.3	11.1	17.4	8.2	12.7	-4.3	2.3	-0.9	-0.2	-2.3

11

## Outlook for the U.S. and California Economies

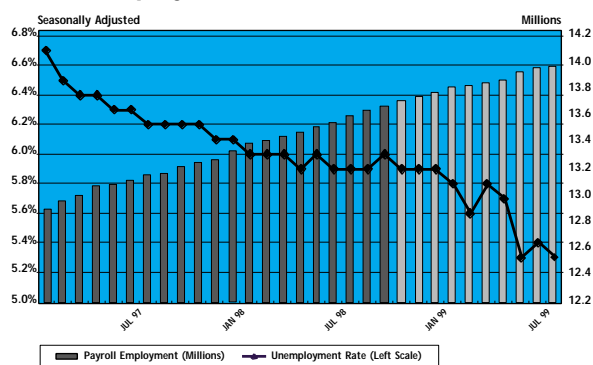
Projections for the Southern California economy are conditioned on a certain expected outlook for the nation and the rest of the world. The recent growth of the U.S. economy has been nothing less than spectacular. The economy has experienced only 8 *months* of recession during the last 16 years. The current recovery is the longest peacetime expansion since World War II and it will surpass the Vietnam era expansion of the sixties if it lasts through January 2000. Since the start of the recent recovery in 1990, 16 million jobs have been created in the U.S. The unemployment rate stood at 4.2% at the end of August 1999. GDP grew by \$1.75 trillion in the same time period. The stock market has set unprecedented records by quadrupling in value in the last eight years. Wealth holdings of the American public have undergone a major change in the second half of the 1990s, primarily due to the stock market boom. These enormous changes have a significant impact on consumer spending, which now has become a major policy concern of the Federal Reserve Board.

In fact there is a vigorous debate in progress whether this high level of equity prices has created a “bubble” whereby share prices greatly exceed the fundamental value of stocks based on their expected earnings. The benefit of lower import prices for the U.S. consumer is likely to be eroded away as the Asian economies start to recover. The emerging strength of these economies is a double-edged sword for U.S. policymakers. Asian growth will lead to increased U.S. exports to Asia thereby helping the American business expansion. However, the earlier slowdown was also a major reason for the lower import prices that U.S. customers have been enjoying. As the Asian markets and Japan gain strength, and if the domestic economy continues to show little sign of an appreciable slowdown, there will be increased pressure on the Federal Reserve Bank to further raise interest rates.

In spite of the concerns discussed above, our general outlook for the national economy is optimistic. We expect the U.S. economy to start slowing down in the fourth quarter of 1999 reflecting the impact of two interest rate increases earlier in the year. But this slowdown will have the salutary effect of cooling the housing and job markets. The “soft-landing” will form the basis for renewed and moderate growth during the year 2000 and beyond. We expect 3.6% growth in real GDP in 1999 and 2.5% in the year 2000. Inflation as measured by the Consumer Price Index will be 2.2% in 1999 and 2.4% the following year. This scenario also assumes that the expected federal budget surplus will not lead to either large tax cuts or major upward revisions in public expenditures.

The *California* economy in 1998 has grown above expectations for the second year in a row. It added 454,000 payroll jobs in 1998 for a 3.5% annual growth rate, and through mid-1999 it was generating job increases at a 3% annualized rate. The unemployment rate in the state dipped to 5.3% in July 1999, and the difference between the state and the national jobless rates has fallen to its lowest level since 1990 (Figure 1).

**Figure 1  
California Payroll Employment and Unemployment Rate**



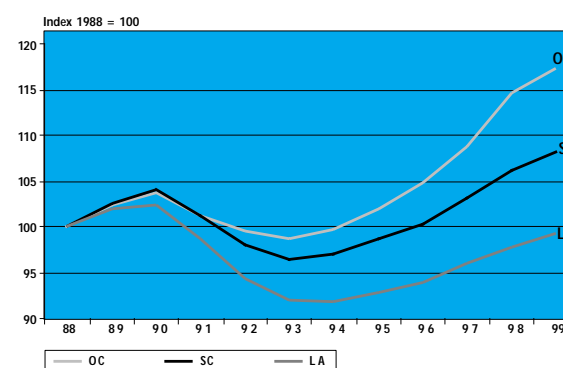
While growth in the state has been widespread, two features are noteworthy for 1998 and the first half of 1999. First, the center of California’s growth has shifted back to Southern California after four years of above-average growth in the Bay area. Second, growth in construction and real estate have provided a major boost to the economy and the cycle does not appear to have reached its peak yet. Rising incomes, a growing job market and population in-migration are driving the demand for housing.

## Prospects for the Southern California Region in 2000-2001

The Southern California region (Imperial, Los Angeles, Orange, Riverside, San Bernardino, and Ventura counties) also had a second year of healthy job growth in 1998. Household employment increased by 252,000 in 1998 following a similar gain in 1997. The average unemployment rate fell from 6.2% to 5.8% during the same period. Payroll jobs were up by 182,000 in 1998 for a total of 6,400,000 compared to a gain of 174,000 jobs in 1997. By surpassing the employment total of 1990 the region has finally shaken off the long shadow of the early 1990s recession (Figure 2).

<sup>1</sup> Adrian Fleissig, Vincent Dropsy, and James Dietz provided valuable input for this report. I would also like to thank Lee Cockerill, Masters student in Economics, for his outstanding research assistance throughout the year.

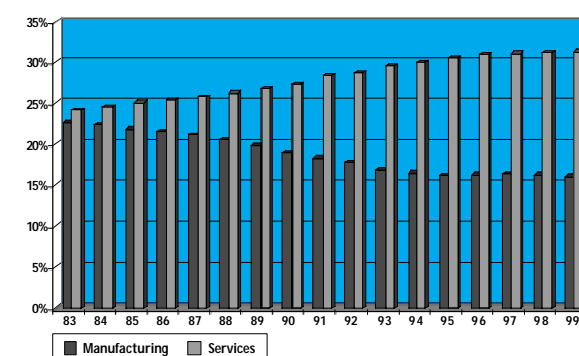
**Figure 2  
Payroll Employment**



There are also signs that after many years of decline employment in the region’s manufacturing sector has begun to rise again. As shown in Figure 3, following the peak reached in 1988, employment in manufacturing suffered a long period of steady decline as defense spending fell. From a high of 1,245,000 jobs in 1988, employment in the sector fell to 966,800 in 1994. Its relative share in total regional payroll employment declined from 20.4% to 16.3% during 1988-94 period. There appears to have been a turnaround in the trend in the last four years, however. Employment in manufacturing increased by 83,000 jobs between 1994 and 1998. Apparel and textiles, along with the electronic equipment industry, showed some of the largest gains. The apparel industry gained 18,400 jobs while employment in electronic equipment increased by 20,900 during the 1994-98 period, gains of 16.6% and 22.8%, respectively.

Almost 780,000 more people are now employed in the service sector industries compared to fifteen years ago, and the share of service sector jobs in total payroll employment has increased from 23.9% in 1983 to 30.9% in 1998 (Figure 3). The largest increases have been in the categories of business services and amusement, including motion pictures. The business services sector has gained 185,200 jobs since 1992 for a 51.8% increase during the 1992-99(July) period. The amusement sector, including movie production, gained 74,600 jobs for a 41.7% increase over the same period.

**Figure 3  
Shares of Manufacturing vs Service Employment for Southern California**



The housing sector, in particular, was driving the regional economy during the year 1998. Housing permits increased by 8% in 1998 while non-residential construction spending was up by 36% (Figure 4). Employment in the housing industry reached 251,000 workers, the highest since 1990. The healthy job market, rising incomes, and a booming stock market provided the necessary incentives for such a healthy growth. Positive population trends favoring renewed migration to the region for the first time since the recession of 1990-93 have also contributed to the higher demand for housing. Given the likelihood of continuation of these trends, the housing sector is expected to have a long spell of healthy growth. Higher interest rates and building costs may, however, put short-term roadblocks in the way of this growth trend.

**Figure 4  
Construction Activity Southern California**

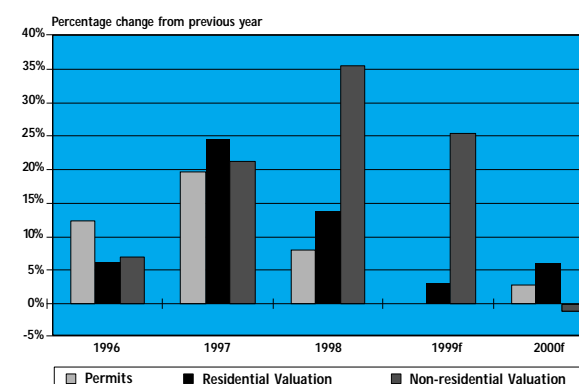
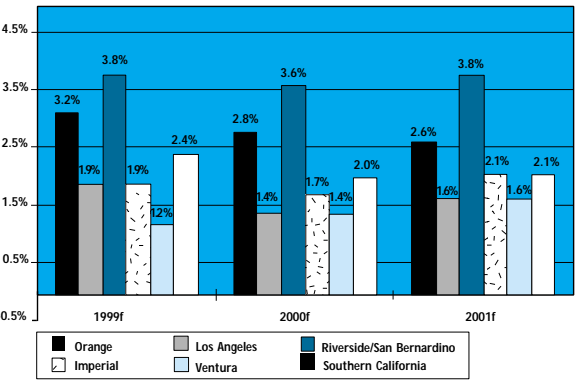


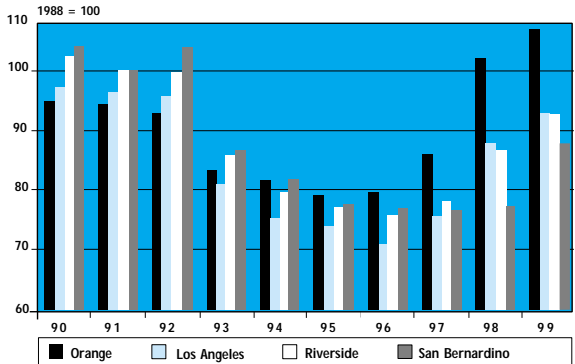
Figure 5  
Payroll Employment Growth



CSUF expects the Southern California region's payroll employment to grow by 2.4% in 1999, 2% in the year 2000, and 2.1% in 2001 (Figure 5). We further predict that regional payroll employment will grow at an average rate of 2.1% over the next five years (1999-2003). The average unemployment rate is expected to be 5.5% in 1999 and 6.1% in the year 2000, compared to 5.9% in 1998.

Following an unprecedented gain of 66,000 jobs in **Orange County** in 1998—for a total employment of 1,295,000—the economy of the county continued to grow in the first half of this year, albeit at a less blistering pace. Orange County accounted for over one third of the 182,000 jobs added to the Southern California regional employment base, even though the county accounts for less than 20% of the total employment base of the region. The unemployment rate has declined steadily to 2.6% this year from a high of 6.8% in 1992 and 2.9% last year. All sectors of the county's economy showed healthy growth.

Figure 6  
Housing Price Index



The average quality-adjusted home price in Orange County increased 6.4% in the past twelve months, slower than for the year 1998. As Figure 6 suggests, all the gain in housing prices in this decade, about 28%, has occurred in the last two and a half years.

Orange County's payroll employment is expected to grow at a 3.2% rate in 1999, 2.8% in the year 2000, and 2.6% in 2001 (Figure 5). Its five-year (1999-2003) average growth rate is expected to be 2.7%. The average unemployment rate in Orange County is projected to be 2.8% in 1999 and 3% in the year 2000, meaning that a continued tight labor market is in prospect.

In **Los Angeles County**, total employment as measured by the "household survey" method grew by 3.5% in 1998 on top of the 3.9% rate of 1997. The unemployment rate fell to 6.2% in 1998, the lowest since the recession of the early nineties, and it continued to decline in the first half of 1999. As a result, Los Angeles county has finally regained all the 380,000 household jobs (on an annualized basis) lost during the nineties recession.

Total payroll employment of 3,947,000 in the county shows a growth rate of 1.9% for 1998, matching the pace for 1989 but below the 2.1% rate of 1997. On the "payroll" basis (survey of employers rather than households) county employment grew by 1.4% in the first half of 1999. Currently, the job total on this basis (3,947,000 in 1998) is still short of the 4,133,000 figure reached in 1990. It is not clear that the county will be able to regain its 1990 level in 1999.

Recent indicators suggest a pickup in the motion picture industry, and business services and the engineering and management service sectors are expected to increase employment in 1999 and beyond. The textile sector in the county has held its own even though employment nationally in this sector is shrinking. Transportation and housing sectors are also expected to show healthy growth in the near term.

Overall, payroll employment is expected to increase at the rate of 1.9% in 1999 and 1.4% in the year 2000. We are forecasting a slight acceleration in job growth, to 1.6%, in 2001. Its five-year (1999-2003) average growth rate is projected to be 1.6%. The unemployment rate is expected to be 6.2% in 1999 and 6.5% in the year 2000.

During 1998, the unemployment rate in the counties of **Riverside and San Bernardino** decreased to 6.1%, its lowest since 1990. The area gained 37,000 household jobs and is poised to continue the trend. Payroll jobs total of 875,200 showed an increase of 32,400, or 3.8%, on top of the 4.9% gain in 1997.

All sectors of the Inland Empire economy have been showing healthy growth. Employment in the construction sector now stands at a historic high, and is expected to rise to more than 61,000 jobs in 1999 from 58,200 jobs in 1998. Durable goods sector employment grew by 6.4% in 1998, with furniture and fixtures and industrial machinery making important contributions. Trucking and warehousing continue to dominate the growth in the transportation sector, reflecting the impressive growth of the logistics industry in the area. Growth in wholesale trade employment was also the result of that phenomenon, as was the expansion of the building materials segment of retail trade. More than half of the total services gain of 10,000 jobs was accounted for by growth in the business services category.

Payroll employment is expected to increase by 3.8% in 1999 and 3.6% in the year 2000. Over the five-year period 1999-2003, average annual job growth is projected to be 3.8%. CSUF expects the Inland Empire's unemployment rate to be 5.5% in 1999 and 7% in the year 2000.

Reflecting the regional trend, the unemployment rate in **Ventura County** fell to 5.6% in 1998, the lowest level since the 1990s recession. Payroll jobs in 1998 reached 251,400, an increase of 8,200, the largest annual gain since 1990. Construction employment reached a post-1990 high of 12,300 in 1998, up 10.2% from 1997. The durable goods component of manufacturing was up by 6.9% overall, although the county lost jobs in the aerospace industry. Transportation and public utilities also showed improvement, but elsewhere in the economy employment levels stayed essentially unchanged.

Payroll employment in Ventura County is projected to increase by 1.9% in 1999 and 1.7% in the year 2000. In 2001, we expect the county's growth rate to accelerate modestly. CSUF projects the county's five-year (1999-2003) average job growth rate to be 2%. The unemployment rate is expected to be 5% in 1999 and 6.2% in the year 2000.

The **Imperial County** payroll employment of 35,200 was higher by 1% in 1998 than in 1997. Job gains were concentrated in construction, retail trade, and government. There was imperceptible change in the statistical data for the household survey which, in any case, is subject to large seasonal fluctuations.

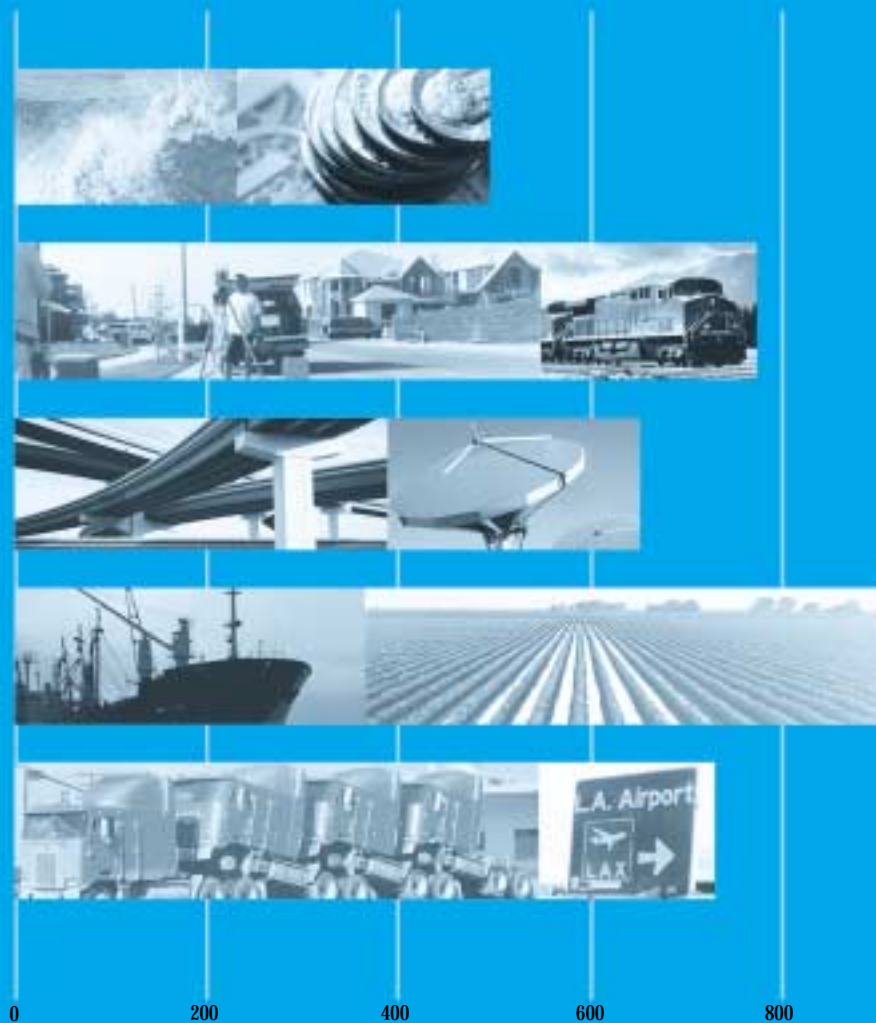
Imperial County's payroll employment is forecast to increase at the rate of 1.2% in 1999 and 1.4% in the year 2000. Its five-year (1999-2003) average growth rate is projected to be 1.4%. The unemployment rate is expected to be 23% in 1999 and 24.4% in the year 2000.

To sum up, even though both the national and the regional economies are slowing down in the second half of 1999, there is little danger of a recession or significantly higher inflation in the near term. Moderate job growth, only slightly below its long-term trend rate, is expected to continue in Southern California. Payroll employment is expected to rise by 2.4% in 1999, 2% in the year 2000, and 2.1% in 2001. The CSUF forecast for the next five years (1999-2003) is an annual growth rate of 2.1%.

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Southern California Historical Data					
<i>Levels in Thousands</i>					
Population	1994	1995	1996	1997	1998
Total population	15,641.8	15,769.0	15,888.1	16,140.8	16,373.5
Annual percentage change	0.9%	0.8%	0.8%	1.6%	1.4%
<b>Household Employment</b>					
Labor Force	7,422.36	7,415.27	7,490.86	7,670.38	7,902.32
Total Employment	6,770.04	6,847.19	6,929.91	7,184.30	7,436.02
Total Unemployment	652.32	568.08	560.95	486.08	466.30
Unemployment Rate	8.8%	7.7%	7.5%	6.3%	5.9%
<b>Wage &amp; Salary Employment</b>					
Total Payroll Employment	5,847.9	5,949.4	6,048.2	6,222.3	6,399.9
Mining	10.7	9.8	9.6	9.5	8.7
Construction	204.7	215.3	218.3	232.0	249.7
Manufacturing	966.9	969.6	987.5	1,024.6	1,047.1
Durable Goods	572.1	567.3	580.3	607.0	629.0
Nondurable Goods	394.8	402.3	407.2	417.7	418.1
Transportation & Public Utilities	292.2	297.9	300.4	309.4	326.4
Total Trade	1,368.2	1,400.5	1,417.5	1,453.7	1,491.4
Wholesale Trade	379.6	393.0	398.2	412.0	427.4
Retail Trade	988.6	1,007.5	1,019.3	1,041.7	1,063.9
Finance, Real Estate & Insurance	373.5	349.6	346.6	355.1	370.8
Services	1,755.5	1,823.9	1,881.5	1,937.7	1,996.6
Total Government	876.2	882.8	886.9	900.4	909.3
<i>Percentage change</i>					
Total Payroll Employment	0.5%	1.7%	1.7%	2.9%	2.9%
Mining	-9.6%	-8.3%	-3.0%	-0.9%	-8.5%
Construction	7.0%	5.2%	1.4%	6.2%	7.6%
Manufacturing	-1.9%	0.3%	1.8%	3.8%	2.2%
Durable Goods	-4.1%	-0.8%	2.3%	4.6%	3.6%
Nondurable Goods	1.4%	1.9%	1.2%	2.6%	0.1%
Transportation & Public Utilities	2.4%	1.9%	0.8%	3.0%	5.5%
Total Trade	0.7%	2.4%	1.2%	2.6%	2.6%
Wholesale Trade	2.1%	3.5%	1.3%	3.5%	3.8%
Retail Trade	0.2%	1.9%	1.2%	2.2%	2.1%
Finance, Real Estate & Insurance	-4.1%	-6.4%	-0.9%	2.5%	4.4%
Services	1.7%	3.9%	3.2%	3.0%	3.0%
Total Government	0.7%	0.7%	0.5%	1.5%	1.0%
<i>Levels in millions</i>					
<b>Personal Income</b>					
Personal Income	342,210	357,911	375,791	395,715	417,639
Annual percentage change	2.4%	4.6%	5.0%	5.3%	5.5%
Per capita income (\$)	20,604	20,604	20,605	20,606	25,507
<b>Taxable Sales</b>					
Total taxable sales	133,900	139,044	146,977	155,391	164,080
Year to year percentage change	5.6%	3.8%	5.7%	5.7%	5.6%

Forecast Data for Southern California				
<i>Levels in Thousands</i>				
Population	1999f	2000f	2003f	5 Yr. Change (98-03)
Total population	16,619.1	16,878.8	17,594.4	1,220.8
Annual percentage change	1.5%	1.6%	1.4%	1.4%
<b>Household Employment</b>				
Labor Force	7,958.97	8,165.44	8,663.77	761.44
Total Employment	7,521.71	7,668.65	8,147.00	710.98
Total Unemployment	437.26	496.80	516.76	50.46
Unemployment Rate	5.5%	6.1%	6.0%	-
<b>Wage &amp; Salary Employment</b>				
Total Payroll Employment	6,554.2	6,687.7	7,112.3	712.4
Mining	8.4	8.4	8.2	(0.5)
Construction	263.9	277.8	323.9	74.2
Manufacturing	1,061.1	1,077.1	1,118.7	71.5
Durable Goods	638.7	650.4	678.8	49.7
Nondurable Goods	422.4	426.8	439.9	21.8
Transportation & Public Utilities	337.4	346.6	364.8	38.4
Total Trade	1,515.0	1,539.0	1,603.9	112.5
Wholesale Trade	437.4	446.8	468.1	40.7
Retail Trade	1,077.6	1,092.1	1,135.7	71.8
Finance, Real Estate & Insurance	377.2	383.4	405.2	34.4
Services	2,056.0	2,107.8	2,273.0	276.4
Total Government	935.1	947.7	1,014.7	105.4
<i>Percentage change</i>				
Total Payroll Employment	2.4%	2.0%	2.1%	2.1%
Mining	-2.6%	-0.8%	-0.8%	-1.1%
Construction	5.7%	5.3%	5.2%	5.3%
Manufacturing	1.3%	1.5%	1.2%	1.3%
Durable Goods	1.5%	1.8%	1.4%	1.5%
Nondurable Goods	1.0%	1.0%	1.0%	1.0%
Transportation & Public Utilities	3.4%	2.7%	1.7%	2.2%
Total Trade	1.6%	1.6%	1.3%	1.5%
Wholesale Trade	2.3%	2.2%	1.2%	1.8%
Retail Trade	1.3%	1.4%	1.3%	1.3%
Finance, Real Estate & Insurance	1.7%	1.6%	1.6%	1.8%
Services	3.0%	2.5%	2.5%	2.6%
Total Government	2.8%	1.3%	2.6%	2.2%
<i>Levels in millions</i>				
<b>Personal Income</b>				
Personal Income	440,515	461,115	536,512	118,873
Annual percentage change	5.5%	4.7%	4.9%	5.1%
Per capita income (\$)	26,507	27,319	30,493	0
<b>Taxable Sales</b>				
Total taxable sales	175,511	184,825	217,988	53,908
Year to year percentage change	7.0%	5.3%	5.7%	5.8%



# 2000-2001 Regional ECONOMIC Forecast for southern california

## County Forecast Tables

### California State University, Long Beach

20 Los Angeles County Forecast

22 Orange County Forecast

24 Riverside/San Bernardino Counties Forecast

26 Ventura County Forecast

28 Imperial County Forecast



22	CSULB Economic Forecast for Southern California Counties  Orange County	Orange County Historical Data					Forecast for Orange County						23	
		<i>Levels in Thousands</i>	1994	1995	1996	1997	1998	1999e	2000f	2001f	2002f	2003f		2004f
		<b>Wage &amp; Salary Employment</b>												
		Mining	875	908	900	900	858	889	837	788	747	712	681	
		Construction	47,283	49,758	52,508	58,084	63,208	67,073	70,682	73,945	77,429	80,946	84,228	
		Durable Manufacturing	135,508	134,467	139,292	149,142	160,792	165,288	166,963	168,012	170,704	174,870	180,096	
		Nondurable Manufacturing	69,525	71,000	71,900	73,250	75,225	76,527	78,253	79,884	81,508	83,108	84,688	
		Transportation, Commun. & Utilities	39,383	42,350	42,833	44,392	46,450	48,826	50,149	50,884	51,840	52,839	53,843	
		Wholesale Trade	79,292	84,508	89,558	93,875	98,458	102,410	107,287	111,117	114,164	117,043	118,824	
		Retail Trade	203,358	207,108	209,059	215,975	222,783	224,169	228,144	232,653	237,419	242,496	247,716	
		Finance, Insurance, & Real Estate	91,808	84,892	86,917	92,850	99,350	101,625	102,727	103,347	103,716	104,841	105,709	
		Services	330,567	348,558	361,725	372,692	392,142	409,183	423,144	436,241	449,388	462,093	474,600	
		Federal Government	15,750	15,417	14,508	13,458	13,275	13,148	12,922	12,423	12,172	12,055	11,996	
		State & Local Government	113,492	112,767	115,142	119,234	122,725	127,603	131,257	134,785	138,269	141,805	145,381	
		<b>Total Nonfarm Employment</b>	<b>1,126,842</b>	<b>1,151,733</b>	<b>1,184,341</b>	<b>1,233,850</b>	<b>1,295,267</b>	<b>1,336,739</b>	<b>1,372,364</b>	<b>1,404,079</b>	<b>1,437,354</b>	<b>1,472,807</b>	<b>1,507,762</b>	
		<i>Percentage change</i>												
		Mining	-4.5	3.8	-0.9	0.0	-4.6	3.6	-5.9	-5.8	-5.2	-4.7	-4.3	
		Construction	6.4	5.2	5.5	10.6	8.8	6.1	5.4	4.6	4.7	4.5	4.1	
		Durable Manufacturing	-2.3	-0.8	3.6	7.1	7.8	2.8	1.0	0.6	1.6	2.4	3.0	
		Nondurable Manufacturing	1.5	2.1	1.3	1.9	2.7	1.7	2.3	2.1	2.0	2.0	1.9	
		Transportation, Commun. & Utilities	7.2	7.5	1.1	3.6	4.6	5.1	2.7	1.5	1.9	1.9	1.9	
		Wholesale Trade	3.4	6.6	6.0	4.8	4.9	4.0	4.8	3.6	2.7	2.5	1.5	
		Retail Trade	1.2	1.8	0.9	3.3	3.2	0.6	1.8	2.0	2.1	2.1	2.2	
		Finance, Insurance, & Real Estate	-2.1	-7.5	2.4	6.8	7.0	2.3	1.1	0.6	0.4	1.1	0.8	
		Services	1.1	5.4	3.8	3.0	5.2	4.3	3.4	3.1	3.0	2.8	2.7	
		Federal Government	1.1	-2.1	-5.9	-7.2	-1.4	-1.0	-1.7	-3.9	-2.0	-1.0	-0.5	
		State & Local Government	1.2	-0.6	2.1	3.6	2.9	4.0	2.9	2.7	2.6	2.6	2.5	
		<b>Total Nonfarm Employment</b>	<b>1.0</b>	<b>2.2</b>	<b>2.8</b>	<b>4.2</b>	<b>5.0</b>	<b>3.2</b>	<b>2.7</b>	<b>2.3</b>	<b>2.4</b>	<b>2.5</b>	<b>2.4</b>	
		<b>Taxable Sales</b>												
		Taxable Sales (\$ thousands)	28,276,259	29,946,531	32,533,206	34,921,357	37,086,236	39,737,818	41,549,542	43,736,692	46,168,430	48,690,792	51,226,152	
		Percentage change	5.4	5.9	8.6	7.3	6.2	7.1	4.6	5.3	5.6	5.5	5.2	
		<b>Building Permits</b>												
		Building Permits (Single-Family Residential)	7,565	5,661	7,070	8,219	7,366	8,725	8,086	8,055	7,793	7,659	7,329	
		Percentage change	67.9	-25.2	24.9	16.3	-10.4	18.4	-7.3	-0.4	-3.3	-1.7	-4.3	

24	CSULB Economic Forecast for Southern California Counties   Riverside/ San Bernardino	Riverside/San Bernardino Counties Historical Data					Forecast for Riverside/San Bernardino Counties						25	
		Levels in Thousands	1994	1995	1996	1997	1998	1999e	2000f	2001f	2002f	2003f		2004f
		Wage & Salary Employment												
		Mining	1,183	1,067	1,208	1,217	1,025	1,026	1,121	1,183	1,229	1,271		1,311
		Construction	40,342	43,092	46,158	52,108	58,192	63,225	67,484	71,194	75,060	78,937		82,570
		Durable Manufacturing	58,067	61,967	65,925	70,458	75,092	79,692	82,845	85,915	89,464	93,544		98,152
		Nondurable Manufacturing	30,367	32,425	33,317	34,300	35,017	36,332	37,557	38,791	40,096	41,455		42,853
		Transportation, Commun. & Utilities	39,083	40,817	41,084	42,517	45,683	48,040	49,663	50,760	51,913	53,060		54,176
		Wholesale Trade	33,733	35,867	37,475	40,167	41,533	43,496	46,344	49,046	51,626	54,222		56,548
		Retail Trade	164,467	169,992	172,583	177,775	181,158	185,726	190,001	194,201	198,383	202,564		206,670
		Finance, Insurance, & Real Estate	31,108	29,400	29,633	29,825	30,292	30,309	29,641	29,030	28,676	28,530		28,425
		Services	195,158	202,642	208,734	221,467	232,642	242,043	251,763	261,176	270,399	279,356		288,174
		Federal Government	18,558	18,675	18,850	18,450	17,442	17,476	17,583	17,061	17,094	17,199		17,303
		State & Local Government	139,208	143,925	148,492	153,150	157,092	164,903	171,995	178,574	184,937	191,274		197,596
		Total Nonfarm Employment	751,275	779,867	803,458	841,433	875,167	912,268	945,997	976,930	1,008,876	1,041,411		1,073,777
		Percentage change												
		Mining	-4.7	-9.9	13.3	0.7	-15.7	0.1	9.2	5.5	3.9	3.4		3.2
		Construction	7.5	6.8	7.1	12.9	11.7	8.6	6.7	5.5	5.4	5.2		4.6
		Durable Manufacturing	1.2	6.7	6.4	6.9	6.6	6.1	4.0	3.7	4.1	4.6		4.9
		Nondurable Manufacturing	5.7	6.8	2.8	3.0	2.1	3.8	3.4	3.3	3.4	3.4		3.4
		Transportation, Commun. & Utilities	4.9	4.4	0.7	3.5	7.4	5.2	3.4	2.2	2.3	2.2		2.1
		Wholesale Trade	5.8	6.3	4.5	7.2	3.4	4.7	6.5	5.8	5.3	5.0		4.3
		Retail Trade	1.1	3.4	1.5	3.0	1.9	2.5	2.3	2.2	2.2	2.1		2.0
Finance, Insurance, & Real Estate	-2.8	-5.5	0.8	0.6	1.6	0.1	-2.2	-2.1	-1.2	-0.5	-0.4			
Services	2.9	3.8	3.0	6.1	5.1	4.0	4.0	3.7	3.5	3.3	3.2			
Federal Government	-4.1	0.6	0.9	-2.1	-5.5	0.2	0.6	-3.0	0.2	0.6	0.6			
State & Local Government	2.1	3.4	3.2	3.1	2.6	5.0	4.3	3.8	3.6	3.4	3.3			
Total Nonfarm Employment	2.4	3.8	3.0	4.7	4.0	4.2	3.7	3.3	3.3	3.2	3.1			
Taxable Sales														
Taxable Sales (\$ thousands)	21,857,999	22,802,927	24,265,384	25,977,387	28,164,612	30,387,556	31,953,749	33,785,649	35,799,894	37,838,481	39,876,291			
Percentage change	7.1	4.3	6.4	7.1	8.4	7.9	5.2	5.7	6.0	5.7	5.4			
Building Permits														
Building Permits (Single-Family Residential)	12,275	10,655	11,724	13,802	16,360	17,536	17,122	17,419	17,372	17,352	17,040			
Percentage change	-0.7	-13.2	10.0	17.7	18.5	7.2	-2.4	1.7	-0.3	-0.1	-1.8			



Imperial County

The economy of Imperial County, unlike the other counties within the Southern California region, has a much stronger and more important agriculture component. The climate in the Imperial Valley, with its mild winters and hot summers, is an ideal environment for year-round farming. In addition to its own population base, Imperial County is able to augment its workforce by its proximity to Mexicali, Mexico. Approximately 20,000 day-workers are able to cross the border and legally work in the United States.

Agricultural Output and Employment

Although Imperial County has a population of approximately 141,000, representing less than one half of one percent of the total population of the State of California, Imperial County's agricultural employment accounts for almost 4 percent of the state's agricultural employment. In 1997, Imperial County's farmers and ranchers produced over \$850 million of agricultural goods. Vegetables, field crops, cattle and livestock products are important components of Imperial County's production, collectively accounting for over 80 percent of the county's agricultural output.

Nonfarm Employment

The composition of Imperial County's nonfarm employment is quite different than that of the region. In 1998, employment in agriculture and state and local government combined accounted for over 55 percent of the county's employment, versus just over 13% in the rest of the SCAG region. Nearly 25 percent of employ-

ment is in the state and local government sector. The relatively large number of prisons and prison employees in the county accounts for the dominance of this sector. As a consequence, when we track and forecast Imperial County's employment we focus on three main sectors: agriculture, state and local government, and all other sectors.

The Outlook for Imperial County in 2000-2001

Exports are a key factor in the outlook for agriculture in the Imperial Valley. In the first two quarters of 1999, California's agricultural exports were 7 percent lower than during the first half of 1998. Continued weakness in agricultural exports accounts for the forecast job losses in agriculture in Imperial County next year. However, these losses are offset by growth in state and local government employment. Expansion in this sector reflects the increased revenues that will become available to state and local government agencies.

Our forecast is for employment growth in the remaining sectors to closely follow trends within the region. Overall, we expect to see total employment growth slow in 1999. Next year, we anticipate that Imperial County will experience a net loss of jobs because of the volatility in agricultural employment. This dip will be followed by a period of moderate growth beginning in 2001 as the agricultural sector recovers.

Retail sales growth will follow a similar pattern, showing some slowing in 2000, followed by steady increases in the early part of the next decade.

Economic Forecast: Imperial County

Year	Agriculture	State & Local Government	All Other Sectors	Total Nonfarm	Total Employment	Taxable Sales (\$ Thousands)
1994	13,834	11,583	23,017	34,600	48,433	1,041,052
1995	14,484	12,017	21,992	34,008	48,492	980,170
1996	13,817	12,109	21,941	34,050	47,866	1,012,588
1997	13,867	12,450	22,484	34,934	48,801	1,051,327
1998	15,492	12,634	22,659	35,292	50,784	1,103,085
1999	15,734	12,831	23,176	36,007	51,741	1,145,448
2000	14,010	13,245	23,654	36,899	50,909	1,171,648
2001	13,633	13,788	24,173	37,961	51,594	1,214,795
2002	13,568	14,402	24,765	39,166	52,734	1,270,724

Year-To-Year Percentage Change

Year	Agriculture	State & Local Government	All Other Sectors	Total Nonfarm	Total Employment	Taxable Sales
1994	8.9	10.2	0.1	3.3	4.8	-0.3
1995	4.7	3.7	-4.5	-1.7	0.1	-6.0
1996	-4.6	0.8	-0.2	0.1	-1.3	2.3
1997	0.4	2.8	2.5	2.6	2.0	3.8
1998	11.7	1.5	0.8	1.0	4.1	4.9
1999	1.6	1.6	2.3	2.0	1.9	3.8
2000	-11.0	3.2	2.1	2.5	-1.6	2.3
2001	-2.7	4.1	2.2	2.9	1.3	3.7
2002	-0.5	4.5	2.4	3.2	2.2	4.6

2000-2001  
Regional  
ECONOMIC  
Forecast  
for  
southern  
california

County Forecast Tables

California State University, Fullerton

- 30 Los Angeles County Forecast
- 32 Orange County Forecast
- 34 San Bernardino/Riverside Counties Forecast
- 36 Ventura County Forecast
- 38 Imperial County Forecast

Los Angeles County Historical Data					
<i>Levels in Thousands</i>					
<b>Population</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>
Total population	9,312.2	9,352.2	9,396.4	9,524.6	9,623.4
Annual percentage change	0.7%	0.4%	0.5%	1.4%	1.0%
<b>Household Employment</b>					
Labor Force	4,366.2	4,349.6	4,394.4	4,496.6	4,640.7
Total Employment	3,957.0	4,006.9	4,033.2	4,189.2	4,336.9
Total Unemployment	409.2	343.5	362.9	307.5	303.9
Unemployment Rate	9.4%	7.9%	8.2%	6.8%	6.5%
<b>Wage &amp; Salary Employment</b>					
Total Payroll Employment	3,701.9	3,746.5	3,788.5	3,872.2	3,946.7
Mining	6.7	5.9	5.7	5.7	4.9
Construction	105.1	109.8	107.5	110.0	116.2
Manufacturing	641.5	638.4	644.7	663.4	667.8
Durable Goods	356.1	349.1	352.3	363.8	370.3
Nondurable Goods	285.4	289.2	292.4	299.5	297.5
Transportation & Public Utilities	201.6	202.6	204.7	210.2	223.7
Total Trade	821.5	835.8	840.7	858.4	873.9
Wholesale Trade	253.1	259.0	257.4	264.3	272.2
Retail Trade	568.4	576.8	583.4	594.1	601.7
Finance, Real Estate & Insurance	237.1	222.1	217.2	219.5	226.5
Services	1,154.8	1,196.2	1,234.9	1,267.3	1,294.4
Total Government	533.7	535.7	533.0	537.8	539.3
<i>Percentage change</i>					
Total Payroll Employment	-0.2%	1.2%	1.1%	2.2%	1.9%
Mining	-11.0%	-11.5%	-3.4%	0.3%	-14.6%
Construction	7.1%	4.4%	-2.1%	2.3%	5.6%
Manufacturing	-2.8%	-0.5%	1.0%	2.9%	0.7%
Durable Goods	-5.7%	-2.0%	0.9%	3.3%	1.8%
Nondurable Goods	1.0%	1.3%	1.1%	2.4%	-0.7%
Transportation & Public Utilities	1.0%	0.5%	1.1%	2.7%	6.4%
Total Trade	-0.0%	1.7%	0.6%	2.1%	1.8%
Wholesale Trade	1.1%	2.3%	-0.6%	2.7%	3.0%
Retail Trade	-0.5%	1.5%	1.1%	1.8%	1.3%
Finance, Real Estate & Insurance	-5.2%	-6.3%	-2.2%	1.1%	3.2%
Services	1.4%	3.6%	3.2%	2.6%	2.1%
Total Government	0.4%	0.4%	-0.5%	0.9%	0.3%
<i>Levels in millions</i>					
<b>Personal Income</b>					
Personal Income	203,923	213,656	223,742	234,469	246,888
Annual percentage change	1.8%	4.8%	4.7%	4.8%	4.8%
Per capita income (\$)	21,899	22,846	23,811	24,617	25,655
<b>Taxable Sales</b>					
Total taxable sales	76,899	79,068	82,621	86,398	90,257
Year to year percentage change	5.3%	2.8%	4.5%	4.6%	4.5%

Forecast for Los Angeles County				
<i>Levels in Thousands</i>				
<b>Population</b>	<b>1999f</b>	<b>2000f</b>	<b>2003f</b>	<b>5 Yr. Change (98-03)</b>
Total population	9,727.8	9,838.9	10,088.4	465.0
Annual percentage change	1.1%	1.1%	0.8%	0.9%
<b>Household Employment</b>				
Labor Force	4,610.6	4,693.1	4,892.9	252.1
Total Employment	4,325.9	4,385.6	4,580.9	244.1
Total Unemployment	284.7	307.6	312.0	8.1
Unemployment Rate	6.2%	6.6%	6.4%	-
<b>Wage &amp; Salary Employment</b>				
Total Payroll Employment	4,021.8	4,079.9	4,270.2	323.5
Mining	4.7	4.7	4.5	(0.4)
Construction	121.8	126.4	140.3	24.1
Manufacturing	671.1	676.2	687.9	20.0
Durable Goods	371.6	374.5	380.3	10.0
Nondurable Goods	299.5	301.6	307.6	10.1
Transportation & Public Utilities	230.8	237.0	246.8	23.1
Total Trade	883.2	892.0	913.5	39.7
Wholesale Trade	276.9	280.4	287.8	15.6
Retail Trade	606.3	611.7	625.8	24.1
Finance, Real Estate & Insurance	230.0	231.6	239.8	13.3
Services	1,325.6	1,353.2	1,438.8	144.4
Total Government	554.5	558.8	598.7	59.4
<i>Percentage change</i>				
Total Payroll Employment	1.9%	1.4%	1.6%	1.6%
Mining	-3.1%	-1.6%	-1.4%	-1.8%
Construction	4.8%	3.8%	3.5%	3.8%
Manufacturing	0.5%	0.8%	0.5%	0.6%
Durable Goods	0.3%	0.8%	0.4%	0.5%
Nondurable Goods	0.7%	0.7%	0.7%	0.7%
Transportation & Public Utilities	3.2%	2.7%	1.4%	2.0%
Total Trade	1.1%	0.1%	0.7%	0.9%
Wholesale Trade	1.7%	1.3%	0.5%	1.1%
Retail Trade	0.8%	0.9%	0.8%	0.8%
Finance, Real Estate & Insurance	1.5%	0.7%	1.0%	1.1%
Services	2.4%	2.1%	2.1%	2.1%
Total Government	2.8%	0.8%	2.7%	2.1%
<i>Levels in millions</i>				
<b>Personal Income</b>				
Personal Income	259,430	271,347	313,855	66,968
Annual percentage change	5.3%	4.6%	4.8%	4.9%
Per capita income (\$)	26,669	27,579	31,110	-
<b>Taxable Sales</b>				
Total taxable sales	95,491	100,171	116,845	26,589
Year to year percentage change	5.8%	4.9%	5.2%	5.3%

Orange County Historical Data					
<i>Levels in Thousands</i>					
<b>Population</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>
Total population	2,582.2	2,614.8	2,649.8	2,705.3	2,745.0
Annual percentage change	1.1%	1.3%	1.3%	2.1%	1.5%
<b>Household Employment</b>					
Labor Force	1,333.5	1,331.6	1,343.8	1,379.3	1,435.4
Total Employment	1,257.1	1,263.9	1,288.7	1,334.1	1,394.0
Total Unemployment	76.4	67.7	55.2	45.2	41.4
Unemployment Rate	5.7%	5.1%	4.1%	3.3%	2.9%
<b>Wage &amp; Salary Employment</b>					
Total Payroll Employment	1,126.8	1,151.7	1,184.3	1,229.2	1,295.3
Mining	0.9	0.9	0.9	0.9	0.9
Construction	47.3	49.8	52.5	58.0	63.2
Manufacturing	205.0	205.5	211.2	221.8	236.0
Durable Goods	135.5	134.5	139.3	148.1	160.8
Nondurable Goods	69.5	71.0	71.9	73.8	75.2
Transportation & Public Utilities	39.4	42.4	42.8	44.9	46.5
Total Trade	282.6	291.6	298.6	308.2	321.2
Wholesale Trade	79.3	84.5	89.6	93.8	98.5
Retail Trade	203.4	207.1	209.1	214.4	222.8
Finance, Real Estate & Insurance	91.8	84.9	86.9	91.5	99.3
Services	330.6	348.6	361.7	370.8	392.1
Total Government	129.2	128.2	129.7	133.2	136.0
<i>Percentage change</i>					
Total Payroll Employment	1.0%	2.2%	2.8%	3.8%	5.4%
Mining	-4.5%	3.8%	-0.9%	0.0%	-4.6%
Construction	6.4%	5.2%	5.5%	10.4%	9.0%
Manufacturing	-1.0%	0.2%	2.8%	5.0%	6.4%
Durable Goods	-2.3%	-0.8%	3.6%	6.3%	8.6%
Nondurable Goods	1.5%	2.1%	1.3%	2.6%	2.0%
Transportation & Public Utilities	7.2%	7.5%	1.1%	4.8%	3.4%
Total Trade	1.8%	3.2%	2.4%	3.2%	4.2%
Wholesale Trade	3.4%	6.6%	6.0%	4.7%	5.0%
Retail Trade	1.2%	1.8%	0.9%	2.5%	3.9%
Finance, Real Estate & Insurance	-2.1%	-7.5%	2.4%	5.3%	8.6%
Services	1.1%	5.4%	3.8%	2.5%	5.8%
Total Government	1.2%	-0.8%	1.1%	2.7%	2.1%
<i>Levels in millions</i>					
<b>Personal Income</b>					
Personal Income	67,484	70,598	75,100	80,214	85,347
Annual percentage change	3.4%	4.6%	6.4%	6.8%	6.4%
Per capita income (\$)	26,134	27,000	28,342	29,651	31,092
<b>Taxable Sales</b>					
Total taxable sales	28,276	29,947	32,533	34,921	37,086
Year to year percentage change	5.4%	5.9%	8.6%	7.3%	6.2%

Forecast for Orange County				
<i>Levels in Thousands</i>				
<b>Population</b>	<b>1999f</b>	<b>2000f</b>	<b>2003f</b>	<b>5 Yr. Change (98-03)</b>
Total population	2,787.6	2,833.2	2,949.0	204.0
Annual percentage change	1.6%	1.6%	1.3%	1.4%
<b>Household Employment</b>				
Labor Force	1,471.7	1,510.1	1,607.2	171.8
Total Employment	1,430.7	1,465.0	1,558.5	164.5
Total Unemployment	41.0	45.1	48.7	7.3
Unemployment Rate	2.8%	3.0%	3.0%	-
<b>Wage &amp; Salary Employment</b>				
Total Payroll Employment	1,336.2	1,373.7	1,479.4	184.1
Mining	0.9	0.9	0.8	(0.0)
Construction	67.0	70.7	81.5	18.3
Manufacturing	241.5	247.0	260.3	24.3
Durable Goods	165.1	169.4	179.1	18.3
Nondurable Goods	76.4	77.6	81.2	6.0
Transportation & Public Utilities	48.4	49.7	52.0	5.5
Total Trade	328.0	335.2	351.5	30.3
Wholesale Trade	101.7	105.4	111.2	12.7
Retail Trade	226.3	229.8	240.3	17.6
Finance, Real Estate & Insurance	101.9	105.8	117.3	18.0
Services	409.3	422.7	465.8	73.7
Total Government	139.2	141.8	150.1	14.1
<i>Percentage change</i>				
Total Payroll Employment	3.2%	2.8%	2.4%	2.7%
Mining	-0.0%	-0.4%	-0.2%	-0.2%
Construction	6.0%	5.4%	4.9%	5.2%
Manufacturing	2.3%	2.3%	1.6%	2.0%
Durable Goods	2.7%	2.6%	1.6%	2.2%
Nondurable Goods	1.6%	1.5%	1.5%	1.5%
Transportation & Public Utilities	4.2%	2.7%	1.5%	2.3%
Total Trade	2.1%	2.2%	1.4%	1.8%
Wholesale Trade	3.3%	3.6%	1.1%	2.5%
Retail Trade	1.6%	1.6%	1.5%	1.5%
Finance, Real Estate & Insurance	2.6%	3.8%	0.3%	3.4%
Services	4.4%	3.3%	3.3%	3.5%
Total Government	2.3%	1.9%	2.3%	2.0%
<i>Levels in millions</i>				
<b>Personal Income</b>				
Personal Income	90,895	95,258	111,961	26,614
Annual percentage change	6.5%	4.8%	5.2%	5.6%
Per capita income (\$)	32,607	33,622	37,966	-
<b>Taxable Sales</b>				
Total taxable sales	40,090	42,456	50,280	13,193
Year to year percentage change	8.1%	5.9%	5.8%	6.3%

Riverside/San Bernardino Counties Historical Data					
<i>Levels in Thousands</i>					
<b>Population</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>
Total population	2,907.6	2,951.9	2,985.9	3,041.0	3122.8
Annual percentage change	1.2%	1.5%	1.2%	1.8%	2.7%
<b>Household Employment</b>	<b>House</b>				
Labor Force	1,279.8	1,293.3	1,313.2	1,354.4	1,382.2
Total Employment	1,158.2	1,181.3	1,212.5	1,261.1	1,297.3
Total Unemployment	121.5	11.2	100.7	93.3	84.9
Unemployment Rate	9.5%	8.7%	7.7%	6.9%	6.1%
<b>Wage &amp; Salary Employment</b>					
Total Payroll Employment	751.3	779.9	803.5	842.8	873.3
Mining	1.2	1.1	1.2	1.2	1.3
Construction	40.3	43.1	46.2	51.3	56.9
Manufacturing	88.4	94.4	99.2	105.1	107.7
Durable Goods	58.1	62.0	65.9	70.6	72.2
Nondurable Goods	30.4	32.4	33.3	34.5	35.5
Transportation & Public Utilities	39.1	40.8	41.1	42.7	44.5
Total Trade	198.2	205.9	210.1	217.8	225.2
Wholesale Trade	33.7	35.9	37.5	39.5	41.8
Retail Trade	164.5	170.0	172.6	178.3	183.3
Finance, Real Estate & Insurance	31.1	29.4	29.6	30.2	31.1
Services	195.2	202.6	208.7	222.0	230.1
Total Government	157.8	162.6	167.3	172.4	176.5
<i>Percentage change</i>					
Total Payroll Employment	2.4%	3.8%	3.0%	4.9%	3.6%
Mining	-4.7%	-9.9%	13.3%	5.3%	6.9%
Construction	7.5%	6.8%	7.1%	9.7%	10.9%
Manufacturing	2.7%	6.7%	5.1%	5.9%	2.5%
Durable Goods	1.2%	6.7%	6.4%	3.9%	2.3%
Nondurable Goods	5.7%	6.8%	2.7%	2.9%	2.8%
Transportation & Public Utilities	4.9%	4.4%	0.7%	4.5%	4.2%
Total Trade	1.9%	3.9%	2.0%	3.7%	3.4%
Wholesale Trade	5.8%	6.3%	4.5%	5.7%	5.9%
Retail Trade	1.1%	3.4%	1.5%	3.0%	2.8%
Finance, Real Estate & Insurance	-2.8%	-5.5%	0.8%	3.2%	2.8%
Services	2.9%	3.8%	0.3%	4.2%	3.6%
Total Government	1.4%	3.1%	2.9%	2.3%	2.4%
<i>levels in millions</i>					
<b>Personal Income</b>					
Personal Income	52,266	54,153	56,769	59,749	63,172
Annual percentage change	3.2%	3.6%	4.8%	5.2%	5.7%
Per capita income (\$)	17,976	18,345	19,012	19,648	20,229
<b>Taxable Sales</b>					
Total taxable sales	21,658	22,803	24,265	25,977	28,165
Year to year percentage change	6.1%	5.3%	6.4%	7.1%	8.4%

Forecast for Riverside/San Bernardino Counties				
<i>Levels in Thousands</i>				
<b>Population</b>	<b>1999f</b>	<b>2000f</b>	<b>2003f</b>	<b>5 Yr. Change (98-03)</b>
Total population	3,208.5	3,298.3	3,599.3	476.5
Annual percentage change	2.7%	2.8%	2.9%	2.9%
<b>hold Employment</b>				
Labor Force	1,424.3	1,494.1	1,666.5	284.2
Total Employment	1,345.3	1,389.7	1,548.3	250.9
Total Unemployment	78.9	104.4	118.2	33.3
Unemployment Rate	5.5%	7.0%	7.1%	-
<b>Wage &amp; Salary Employment</b>				
Total Payroll Employment	906.4	939.3	1,050.1	176.8
Mining	1.2	1.3	1.4	0.2
Construction	61.3	66.7	86.5	29.6
Manufacturing	112.3	116.7	130.0	22.2
Durable Goods	75.8	79.2	89.1	16.9
Nondurable Goods	36.5	37.5	40.8	5.3
Transportation & Public Utilities	46.2	47.8	53.5	9.0
Total Trade	231.1	237.9	260.2	3.5
Wholesale Trade	43.6	45.8	53.1	11.3
Retail Trade	187.5	192.1	207.1	23.7
Finance, Real Estate & Insurance	31.4	32.1	34.1	3.1
Services	238.7	247.4	276.4	46.2
Total Government	184.1	189.5	208.1	31.6
<i>Percentage change</i>				
Total Payroll Employment	3.8%	3.6%	3.8%	3.8%
Mining	-2.9%	5.6%	2.4%	2.4%
Construction	7.7%	8.8%	8.7%	8.7%
Manufacturing	4.3%	3.9%	3.8%	3.8%
Durable Goods	5.0%	4.4%	4.3%	4.3%
Nondurable Goods	2.8%	2.8%	2.8%	2.8%
Transportation & Public Utilities	3.9%	3.3%	3.7%	3.7%
Total Trade	2.6%	2.9%	3.0%	2.9%
Wholesale Trade	4.2%	5.1%	4.9%	4.9%
Retail Trade	2.3%	2.4%	2.5%	2.5%
Finance, Real Estate & Insurance	1.2%	0.2%	1.9%	1.9%
Services	3.7%	3.6%	3.7%	3.7%
Total Government	4.3%	3.0%	3.3%	3.3%
<i>levels in millions</i>				
<b>Personal Income</b>				
Personal Income	66,848	70,106	82,237	19,065
Annual percentage change	5.8%	4.9%	5.0%	5.4%
Per capita income (\$)	20,835	21,255	22,848	-
<b>Taxable Sales</b>				
Total taxable sales	30,756	32,570	39,528	11,363
Year to year percentage change	9.2%	5.9%	7.2%	7.0%

Ventura County Historical Data					
<i>Levels in Thousands</i>					
<b>Population</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>
Total population	706.2	712.7	714.8	727.2	736.0
Annual percentage change	1.2%	0.9%	0.3%	1.7%	1.2%
<b>Household Employment</b>					
Labor Force	384.9	382.3	381.8	383.1	387.3
Total Employment	354.8	353.8	354.8	358.1	365.8
Total Unemployment	30.1	28.6	27.0	25.0	21.6
Unemployment Rate	7.8%	7.5%	7.1%	6.5%	5.6%
<b>Wage &amp; Salary Employment</b>					
Total Payroll Employment	233.3	237.3	237.8	243.1	249.2
Mining	2.0	2.0	1.7	1.6	1.6
Construction	10.1	11.0	10.5	11.2	11.9
Manufacturing	30.0	29.6	30.7	32.5	33.7
Durable Goods	21.6	21.1	22.2	23.8	25.0
Nondurable Goods	8.4	8.5	8.5	8.8	8.8
Transportation & Public Utilities	10.6	10.3	9.7	9.5	9.6
Total Trade	56.0	58.1	59.1	60.1	61.9
Wholesale Trade	11.6	11.9	12.1	12.7	13.2
Retail Trade	44.4	46.1	47.0	47.4	48.7
Finance, Real Estate & Insurance	12.4	12.0	11.7	12.8	12.8
Services	69.5	71.4	71.0	72.2	74.5
Total Government	42.7	43.0	43.4	43.1	43.2
<i>Percentage change</i>					
Total Payroll Employment	-9.8%	-2.1%	-11.5%	-1.3%	-0.8%
Mining	11.3%	8.6%	-4.6%	5.2%	6.4%
Construction	-1.2%	-1.4%	3.6%	6.1%	3.6%
Manufacturing	-1.7%	-2.5%	5.2%	3.2%	4.9%
Durable Goods	0.2%	1.7%	-0.3%	2.5%	0.2%
Nondurable Goods	3.4%	-2.8%	-5.4%	1.2%	1.0%
Transportation & Public Utilities	2.8%	3.7%	1.8%	1.7%	3.0%
Total Trade	4.0%	2.8%	1.5%	-0.5%	4.2%
Wholesale Trade	2.4%	3.9%	1.8%	2.1%	2.7%
Retail Trade	-1.7%	-3.1%	-2.2%	2.2%	0.1%
Finance, Real Estate & Insurance	7.3%	2.7%	-0.6%	3.9%	3.1%
Services	-1.2%	0.8%	0.9%	-1.5%	0.1%
Total Government	0.0%	0.0%	0.0%	0.0%	0.0%
<i>Levels in millions</i>					
<b>Personal Income</b>					
Personal Income	16,558	17,463	18,145	19,173	20,047
Annual percentage change	3.3%	5.5%	3.9%	5.7%	4.6%
Per capita income (\$)	23,446	24,503	25,384	26,366	27,240
<b>Taxable Sales</b>					
Total taxable sales	6,026	6,246	6,545	7,043	7,468
Year to year percentage change	9.2%	3.6%	4.8%	7.6%	6.0%

Forecast for Ventura County				
<i>Levels in Thousands</i>				
<b>Population</b>	<b>1999f</b>	<b>2000f</b>	<b>2003f</b>	<b>5 Yr. Change (98-03)</b>
Total population	744.8	753.8	783.1	47.1
Annual percentage change	1.2%	1.2%	1.3%	1.2%
<b>Household Employment</b>				
Labor Force	396.0	409.3	436.2	48.8
Total Employment	376.4	383.9	411.8	46.0
Total Unemployment	19.7	25.4	24.4	2.8
Unemployment Rate	5.0%	6.2%	5.6%	-
<b>Wage &amp; Salary Employment</b>				
Total Payroll Employment	253.8	258.3	274.5	25.3
Mining	1.6	1.5	1.4	-0.2
Construction	12.3	12.6	14.2	2.3
Manufacturing	34.4	35.4	38.6	4.9
Durable Goods	25.5	26.5	29.4	4.4
Nondurable Goods	8.9	8.9	9.2	0.4
Transportation & Public Utilities	9.7	9.8	10.2	0.6
Total Trade	63.3	64.5	69.0	7.1
Wholesale Trade	13.4	13.5	14.2	1.0
Retail Trade	49.9	5.1	54.8	6.1
Finance, Real Estate & Insurance	12.8	12.8	13.0	0.1
Services	76.7	78.5	85.7	11.2
Total Government	43.0	43.0	42.5	-0.6
<i>Percentage change</i>				
Total Payroll Employment	1.9%	1.7%	2.0%	2.0%
Mining	-2.1%	-3.9%	-2.6%	-2.6%
Construction	3.3%	2.6%	3.6%	3.6%
Manufacturing	1.9%	3.1%	2.8%	2.7%
Durable Goods	2.3%	3.9%	3.3%	3.3%
Nondurable Goods	1.0%	0.8%	0.9%	0.9%
Transportation & Public Utilities	1.1%	1.4%	1.2%	1.2%
Total Trade	2.3%	1.9%	2.2%	2.2%
Wholesale Trade	1.7%	0.5%	1.4%	1.4%
Retail Trade	2.5%	2.3%	2.4%	2.4%
Finance, Real Estate & Insurance	-0.3%	0.3%	0.2%	0.2%
Services	3.0%	2.4%	2.8%	2.8%
Total Government	-0.3%	-0.2%	-0.3%	-0.3%
<i>Levels in millions</i>				
<b>Personal Income</b>				
Personal Income	21,075	22,067	25,851	5,804
Annual percentage change	5.1%	4.7%	5.4%	5.2%
Per capita income (\$)	28,295	29,274	33,013	-
<b>Taxable Sales</b>				
Total taxable sales	8,021	8,462	9,974	2,506
Year to year percentage change	7.4%	5.5%	5.5%	6.0%

CSUF  
Economic  
Forecast  
for  
Southern  
California  
Counties

Imperial  
County

38

Imperial County Historical Data					
Levels in Thousands					
Population	1994	1995	1996	1997	1998
Total population	133.6	137.4	141.2	142.7	146.4
Annual percentage change	2.2%	2.8%	2.8%	1.7%	2.6%
Household Employment					
Labor Force	58.0	58.4	57.6	56.9	56.7
Total Employment	42.8	41.3	40.6	41.8	42.1
Total Unemployment	15.2	17.1	17.0	15.0	14.6
Unemployment Rate	26.1%	29.3%	29.5%	26.4%	25.7%
Wage & Salary Employment					
Total Payroll Employment	34.6	3.4	34.1	35.0	35.5
Mining	0.0	0.0	0.0	0.0	0.0
Construction	1.8	1.6	1.6	1.5	1.5
Manufacturing	1.9	1.8	1.6	1.8	1.8
Durable Goods	0.8	0.7	0.6	0.7	0.7
Nondurable Goods	1.1	1.1	1.0	1.1	1.1
Transportation & Public Utilities	1.6	1.9	2.1	2.1	2.1
Total Trade	9.8	9.2	9.0	9.2	9.2
Wholesale Trade	1.8	1.7	1.7	1.7	1.7
Retail Trade	8.1	7.5	7.3	7.5	7.5
Finance, Real Estate & Insurance	1.1	1.2	1.1	1.1	1.1
Services	5.5	5.1	5.2	5.4	5.5
Total Government	12.8	13.2	13.5	13.9	14.3
Percentage change					
Total Payroll Employment	3.3%	-1.7%	0.1%	2.7%	1.6%
Mining	0.0%	0.0%	0.0%	0.0%	0.0%
Construction	-10.7%	-8.3%	-0.5%	-11.2%	1.1%
Manufacturing	13.2%	-6.5%	-8.8%	7.6%	2.2%
Durable Goods	33.3%	-13.5%	-12.1%	15.1%	1.3%
Nondurable Goods	2.3%	-1.5%	-6.7%	3.2%	1.5%
Transportation & Public Utilities	4.8%	15.2%	8.4%	0.4%	1.6%
Total Trade	0.8%	-6.6%	-2.4%	2.9%	-0.1%
Wholesale Trade	-2.3%	-5.6%	-1.5%	3.5%	0.6%
Retail Trade	1.5%	-6.8%	-2.7%	2.7%	1.0%
Finance, Real Estate & Insurance	4.5%	1.4%	-5.7%	0.0%	-0.7%
Services	-3.4%	-7.3%	2.6%	4.0%	3.2%
Total Government	9.2%	3.7%	1.6%	3.7%	0.5%
Levels in millions					
Personal Income					
Personal Income	1,980	2,042	2,036	2,110	2,185
Annual percentage change	-4.2%	3.1%	-0.3%	3.7%	3.6%
Per capita income (\$)	14,821	14,858	14,418	14,788	14,927
Taxable Sales					
	1994	1995	1996	1997	1998
Total taxable sales	1,041	980	1,013	1,051	1,104
Year to year percentage change	-0.4%	-5.8%	3.3%	3.8%	5.0%

Forecast for Imperial County

39

Levels in Thousands				
Population	1999f	2000f	2003f	5 Yr. Change (98-03)
Total population	150.4	154.5	174.6	28.2
Annual percentage change	2.7%	2.8%	4.1%	3.6%
Household Employment				
Labor Force	56.4	58.7	61.1	4.4
Total Employment	43.4	44.4	47.5	5.4
Total Unemployment	13.0	14.3	13.6	(1.0)
Unemployment Rate	23.0%	24.4%	22.2%	-
Wage & Salary Employment				
Total Payroll Employment	35.9	36.4	38.1	2.6
Mining	0.0	0.0	0.0	0.0
Construction	1.5	1.4	1.4	-0.1
Manufacturing	1.8	1.8	1.9	0.1
Durable Goods	0.7	0.7	0.8	0.1
Nondurable Goods	1.1	1.1	1.1	0.0
Transportation & Public Utilities	2.2	2.2	2.4	0.2
Total Trade	9.3	9.4	9.7	0.5
Wholesale Trade	1.8	1.8	1.9	0.2
Retail Trade	7.5	7.5	7.8	0.3
Finance, Real Estate & Insurance	1.1	1.1	1.1	-0.0
Services	5.7	5.8	6.4	0.9
Total Government	14.4	14.6	15.2	1.0
Percentage change				
Total Payroll Employment	1.2%	1.4%	1.4%	1.4%
Mining	0.0%	0.0%	0.0%	0.0%
Construction	1.5%	-2.3%	-1.0%	-1.0%
Manufacturing	0.7%	0.3%	1.2%	1.2%
Durable Goods	0.8%	1.3%	2.2%	2.2%
Nondurable Goods	0.7%	-0.3%	0.6%	0.6%
Transportation & Public Utilities	1.6%	3.0%	2.0%	2.0%
Total Trade	1.0%	0.6%	1.0%	1.0%
Wholesale Trade	2.6%	1.3%	1.9%	1.9%
Retail Trade	0.6%	0.4%	0.8%	0.8%
Finance, Real Estate & Insurance	0.1%	-1.6%	-0.7%	-0.7%
Services	2.7%	3.1%	3.0%	3.0%
Total Government	0.8%	1.7%	1.3%	1.3%
Levels in millions				
Personal Income				
Personal Income	2,267	2,336	2,608	422
Annual percentage change	3.7%	3.1%	3.8%	3.6%
Per capita income (\$)	15,073	15,118	14,932	-
Taxable Sales				
	1999f	2000f	2003f	5 Yr. Change (98-03)
Total taxable sales	1,153	1,166	1,362	258
Year to year percentage change	4.4%	1.2%	5.5%	4.3%

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**The California Department of Transportation (Caltrans) is proud to be partnering with the Southern California Association of Governments (SCAG) as a sponsor of the Economic Forecast Conference.**



Caltrans continues to recognize the importance of its partnership with SCAG, as the federally mandated "Metropolitan Organization" (MPO) in Southern California. SCAG's membership counties, cities and Councils of Government provide a means for communicating the transportation needs of citizens of the region.

The development of an effective, multi-modal transportation system in Southern California depends on cooperative, coordinated planning to ensure mobility in the region is maintained and enhanced to improve the economic vitality and quality of life that Southern California citizens and businesses expect.



Caltrans is responsible for the design, construction, maintenance and operation of the California Highway System, as well as the portion of the Interstate Highway System located within the state's boundaries. The Caltrans staff in the Southern California districts (Los Angeles, Ventura, Orange, San Bernardino, Riverside and Imperial counties) works closely with the staff at SCAG.



As Southern California's transportation needs have expanded, so has Caltrans' focus. In the face of a burgeoning population, increased congestion and stubborn environmental pollution, Caltrans is taking steps to address these issues. In addition to a changing mix of transportation modes - highways, rail, mass transit, livable communities and aeronautics - Caltrans is also taking into account complex issues such as land use, environmental standards and the formation of partnerships between private industry and local, state and federal agencies. The Caltrans/SCAG partnership has effectively established a cooperative environment that includes a "bottom-up" planning process to ensure the recognition and development of facilities that are most effective for the entire region.



Caltrans recognizes its purpose is to promote California's economic vitality and to enhance the quality of life by providing for the mobility of people, goods, services and information. The innovative work and studies that SCAG and its regions produce has statewide significance.



Caltrans will continue its traditional role as owner and operator of the 15,000-mile State Highway System. Highways will continue to be the backbone of the state's multi-modal transportation system. However, in the new century Caltrans will place a renewed emphasis on partnerships, "non-structural" solutions to problems and on non-highway transportation. Working together with SCAG, the Caltrans team is confident this new direction will be easily accomplished

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